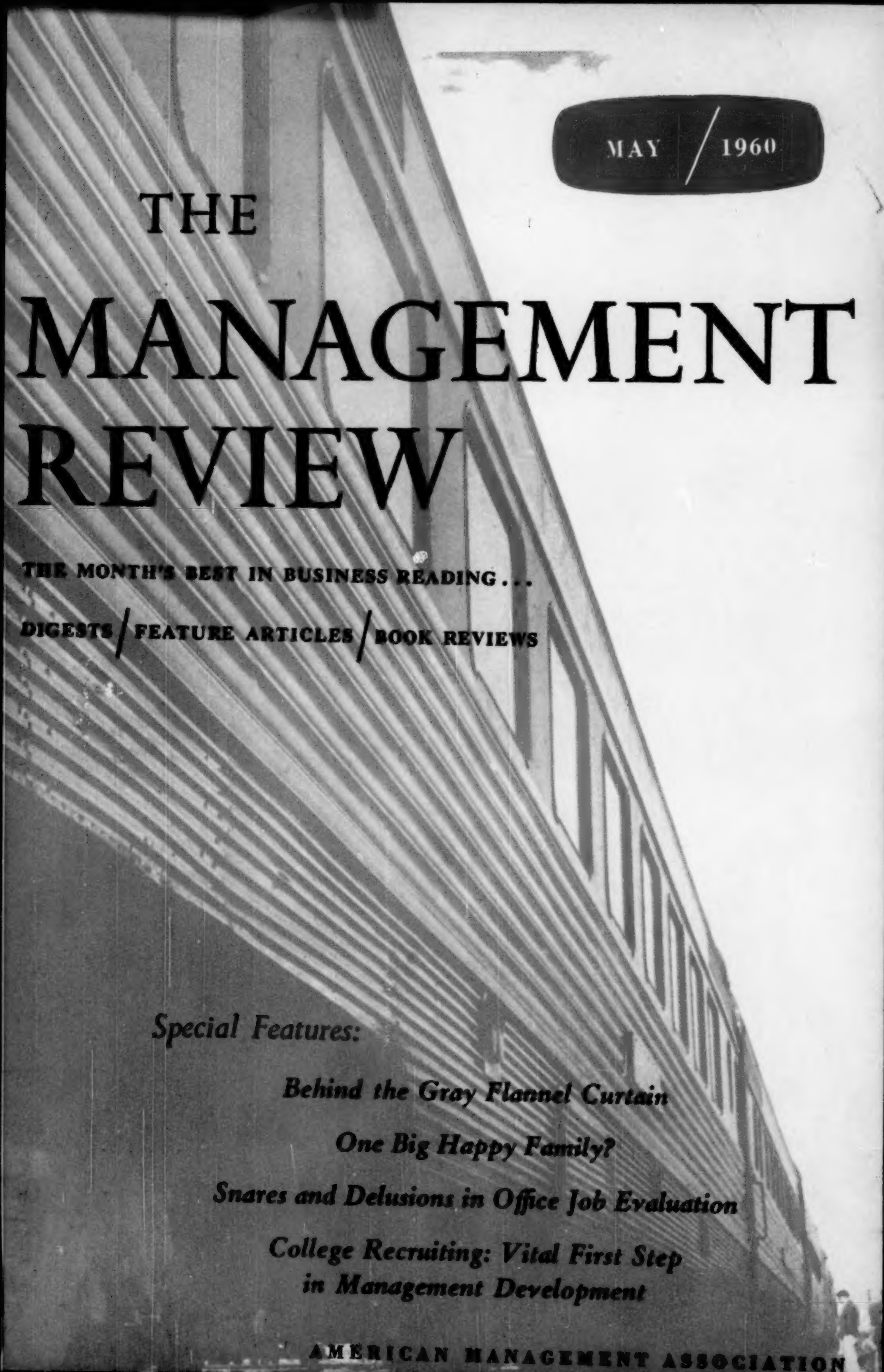

MAY / 1960

# THE MANAGEMENT REVIEW

THE MONTH'S BEST IN BUSINESS READING . . .

DIGESTS / FEATURE ARTICLES / BOOK REVIEWS

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*Behind the Gray Flannel Curtain*

*One Big Happy Family?*

*Snares and Delusions in Office Job Evaluation*

*College Recruiting: Vital First Step in Management Development*

AMERICAN MANAGEMENT ASSOCIATION

# in this issue . . .

- **Management's changing image.** Compared with the old-time business tycoon, today's manager is typically more sophisticated, more complex, more socially aware—in a word, more civilized. And yet, suggests James Black in this month's opening feature, something has been lost in translation. For in the old days, people thought of men, not corporations, when they thought about business—men who were colorful, dynamic and who left the stamp of individuality on everything they touched. Today, the public image of management is a kind of neutral blur, depersonalized and—with certain exceptions—almost anonymous. With this as his premise, Mr. Black goes "behind the gray flannel curtain" and makes a good argument for raising it, once and for all.

- **Too sweet to be wholesome?** Peace . . . it's wonderful. But a little conflict can be healthy, too. For some pointers on what can happen to the organization that puts too high a premium on uninterrupted harmony and "togetherness," see Michael Blansfield's article on page 9.

- **One-upmanship in job evaluation.** Job evaluation is a serious business, and E. Edwin du Pont's article on page 15 presents some good sober guides for making it work better. But equally helpful are some of his off-beat observations about the lengths some people will go to "score" an extra few points for themselves or their subordinates.

- **On-campus ivory-hunting.** Though almost every company today recognizes the importance of effective college recruiting, management frequently fails to see its place in the larger scheme of things. Reid Shaw's article on page 23 tells how campus recruiting can be made an integral part of the management development program—and a more productive one for the average company.

—The Editors

MAY 1960
Volume XLIX, No. 5

# THE MANAGEMENT REVIEW

FEATURES



BUSINESS DIGESTS OF THE MONTH

*Trends and perspectives*

**DEPARTMENTS**



Cover photograph: Robert Duncan

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# Behind the GRAY FLANNEL CURTAIN

## THE CHANGING IMAGE OF AMERICAN MANAGEMENT

■ *James Menzies Black*

WHAT IS THE "IMAGE" OF MANAGEMENT? Who made it? Is it changing? In this ear of obsession with all things sociological, questions like these are frequently discussed.

Obviously, companies appear different to everybody who looks at them. Stockholders view them through financial reports and earning prospects. Employees form their opinions from personal experiences in the places they work. Customers see them through advertising and through their knowledge of the cost and quality of products.

These are specialized images, each picturing a particular phase of corporate activity and scrutinized only by particular groups within society as a whole. But this triptych, plus the public attitude that is formed by writers, politicians, and other "image-makers" and by the actions and postures of industry itself, create the image of management.

Naturally, circumstances exert tremendous influence on images and image-makers, whose views tend to fluctuate with the business cycle. In the last 40 years, the American executive has gone up and down and then up again in public esteem, depending largely on the state of the economy. This is not surprising, for image-makers judge the past and future by their own standards, which are likely to be rejected by their successors. Image-makers are also prone to exaggeration and caricature, since they seize on evidence that justifies their emotional conclusions and use it to advance their total case. Finally, image-makers are inconsistent. Take Charles Dickens, an image-maker of no small repute, and read what he had to say about business and businessmen. Certainly the "company image" of Scrooge and Marley is the exact antithesis of the happy togetherness found in that delightful firm conducted by the Cheeryble Brothers.

Yes, images of management—and everything else—are always changing. But this kaleidoscope effect is not always due to a change in management itself; instead, it may often be attributed to a change in public customs, attitudes, and standards of judgment. Therefore, the most effective way for industry to create a favorable public image of itself is to exert a positive influence on society's customs, attitudes, and standards of judgment, so the members of society will look favorably on what they see in management.

We can illustrate this point if we turn back the calendar 60 or so years.

## L'ETAT C'EST MOI

If a turn-of-the-century reporter had spotted Commodore Vanderbilt entering Delmonico's and asked, "Sir, would you describe your company's corporate image?" he'd have gotten the quick reply, "You're looking at it!" That is, of course, if the Commodore had had the foggiest idea of what the reporter wanted to know.

Vanderbilt would have been right, too. Back in 1890, when someone steered the conversation around to big business, the picture that came into everybody's mind was the fabulously wealthy tycoon, complete with yacht, Newport mansion, and titled son-in-law. What a colorful crowd they were: Andrew Carnegie, Diamond Jim Brady, Jim Fisk, J. Pierpont Morgan, and that austere and humorless collector of cash and companies, John D. Rockefeller.

Yes, in those days people thought of men, not corporations, when they considered business. And, on the whole, their opinion was favorable. The accumulation of private wealth was basic to the mythology of America, the land of opportunity. Horatio Alger, no mean hand at public image-making himself, converted a succession of impoverished waifs—from Phil the Fiddler to Poorhouse Ned—to wealth and social acceptability. His formula for achievement: hard work, honesty, and a shrewd eye for the dollar. Riches and luxury were the rightful reward of ambition accomplished.

What's more, the man on the street got a vicarious thrill in identifying himself with the industry-created champagne class. He, like the government, admired business success. After all, money was a pretty good thing to have around the house, and Americans were proudly showing the world they knew how to make it. It's true that business practices were somewhat sharp, but that was part of the game. The public's attitude might be illustrated by the story of the traveling salesman who sat in on a fast poker game in a backwoods town. After one or two hands, he spotted a player dealing from the bottom of the deck. Angrily he called attention to his discovery. The natives looked at him with surprise. "It's his deal, isn't it?" they mildly inquired.

Essentially, that was the public view of business. It was a rough game, and the men who played it knew the chances they took. However, the opinion began to change.

## A CHANGING CLIMATE OF OPINION

Ida Tarbell first blew the whistle on business and prodded the country's social conscience with her muckraking exposés that began to be published in 1905 and helped lead to Teddy Roosevelt's legislation against the trusts. Reform came, but despite angry image-makers like Upton Sinclair, whose beef against the meatpackers led

to a succession of dreary sociological novels, the businessman retained his prestige, at least among the majority.

There was Henry Ford, whose insistence on wearing a blue serge suit at dinner parties where everybody else was dressed in evening clothes stamped him as a plain, unassuming man of the people—just like his next door neighbor, except that he had more money. There were Harvey Firestone, Thomas Edison, Walter Chrysler, and many others who represented a new twist in the log-cabin tradition that won respect for the industrial community. Their opinions were sought and listened to by the people and the government, but even they played under a different set of ground rules than their more picturesque predecessors. The operation of business was beginning to be part of the public's business, and the companies they headed were taking on corporate identities in their own rights.

The chill economic winds of the thirties speeded up the process of converting management from a one-man show to a collective responsibility. Depression scarred the country. Jobs disappeared, and business was the logical villain to blame for their absence. "Wall Street," "vested interests," and "reactionary capitalism" became epithets in the hands of political polemicists, and sociological war was declared against industry—not as it actually was, but as it had been 50 years before.

## THE NEW LOOK IN MANAGEMENT

It took a World War and a half decade of prosperity to get the image-makers off this theme and around to taking a more objective view of industry's function in an economic system that was coming to be known as "people's capitalism." This swing in attitudes was inevitable. Money can't be such a bad thing if everybody has it. And if you insist on talking about the financial woes of the depressed third of a nation after that group has moved into a relatively affluent position, you lose your audience. All this had its effect on management's approach to the public, and on the public's attitude toward business.

The years between 1945 and the present witnessed a tremendous change in industry's public relations posture. The term "management" took on a new meaning, connoting a highly skilled group of salaried professionals entrusted with the stewardship of a company's

affairs. The cult of individualism was over, as far as business was concerned, and emphasis was on the "team." Companies, highly conscious of the importance of public opinion and anxious to make sure that it was favorable, began to play up their activities in community affairs and to stress the coordinating role of management in furthering the mutuality of interest of employees, stockholders, and the public in general. Phrases like "company reputation," "corporate image," "company citizenship," and "company attitudes" began to find their way into industry's literature. Management creeds describing company philosophy and guiding principles of operations were published and publicized. And because industry's professed beliefs were implemented by a sound program of constructive action, the concept of business as a predatory force seeking only profit began to fade. In its place emerged a new corporate portrait—democratic, professional, and socially responsible.

## THE IMAGE OF LABOR

Simultaneously with the evolution in public thinking regarding business, the image of labor emerged and developed. Unions have developed some highly individualistic leaders who are themselves the images of the organizations they head. Who can see even the outline of the United Mine Workers peeping out from behind the imposing figure of John L. Lewis? Mention the CIO, and Walter Reuther's face appears on the public's mental television screen. Just as the logical progression from "Old Mother Hubbard" is to "cupboard," so does one move in orderly sequence from David McDonald to his Steel Workers. There are others—Jimmy Hoffa, George Meany, Maurice Hutchinson—who have stamped their unions with their own special images.

Despite the tremendous effort on the part of unions to sell themselves as participative democracies, the concept of the "team" does not apply to the management of labor. Everybody knows that John L. Lewis was coach, captain, and quarterback for the Mine Workers. Who could imagine Jimmy Hoffa directing affairs through some sort of "groupthink" process? Public opinion surveys have quoted steelworkers asked about the 1959 steel strike as saying, "What have we got to do with the issues? That's between McDonald and the

(*Continued on page* 73)

# ONE BIG HAPPY FAMILY?

***A little conflict can be a healthy thing—if management knows how to handle it . . .***

■ *Michael G. Blansfield*
*Manager, Management Development and Training*
*Pacific Finance Company*

WE'RE A REAL TEAM here at Apex," said the plant superintendent proudly.

"Just one big happy family," said the executive vice president.

"Trouble?" asked the president. "Why, our executives always see eye to eye. I can't remember when anyone has so much as raised his voice in a staff meeting."

This picture of corporate peace and harmony is not unique; many organizations pride themselves on their lack of conflict. Unfortunately, these organizations may be suffering from the delusion that the absence of open strife signifies harmony—and nothing could be further from the truth.

The rosy belief that everyone should always get along with everyone else seems a bit unreal when we consider that we can't always get along even with ourselves. How many times have we carried on silent, internal arguments? How frequently have we been torn between doing something and not doing it? How often have we experienced such violent personal struggles that the resolution of our problem has seemed nearly impossible?

The very fact that we often have conflicts within ourselves should make it clear that we can't avoid some conflict with others. In fact, individual differences practically guarantee conflict. We predicate most of our personnel programs, our interviewing, our testing, and our training on the premise that people are different. Why, then, do so many organizations profess to have no conflict? Why do others seek to muffle or disguise even the most flagrant examples of internal dissention?

## HARMONY — OR ELSE

Many executives consider dissention and open disagreement among their subordinates a sign that something is wrong with the teamwork on their staffs. In the staff meetings of many companies, a spurious harmony is enforced through custom and implicit rules of behavior. It is not polite to voice apprehensions or to disagree too violently with someone else. Expression is circumspect, emotion is hoarded. The typical meeting in such an organization is like a professional poker game, with each guarded face revealing as little as possible about the inner workings of its owner.

In such an atmosphere, any emotion that does appear is likely to be quickly smothered before anyone can realize the seriousness of the problem it represents. Like the treacherous iceberg, nine-tenths of the feeling remains buried from sight.

Emotion is often interpreted as a sign of weakness in a man. "He's emotional" is a condemnation that tends to ignore the fact that everyone is emotional to some degree. This disdain of emo-

tion, this almost cultural urge to conceal all our feelings, seems to be at least in part attributable to a fear that open, direct, emotional expression destroys personal relationships.

But what happens to people in such an atmosphere? Do the emotional charges simply dissipate? It might appear so on the surface, but a closer look reveals that this is seldom the case. Repressed emotion doesn't just fade away; it is partially or wholly discharged in many subtle or indirect forms.

One common outlet for repressed conflict is projection. The person who feels anxious or guilty about his own reactions may try to rid himself of his emotional content by projecting his problem on someone else. By blaming another, he satisfies, to some degree, his need for emotional release, decreases his guilt feelings, and releases some of his frustrations.

Another way people deal with the problem is by internalizing the emotion and the frustration that results from inability to release it. Frequently the swallowed emotion will manifest itself physiologically in headaches, fatigue, and nervous tension, or—more seriously—in ulcers, high blood pressure, and other stress diseases.

## SIGNS OF TROUBLE

Perpetual harmony in any company is often a cover-up for the fact that the company is denying its personnel the opportunity of expressing their feelings. When differences are suppressed and not openly aired, many symptoms of deep-lying disturbances may become apparent in the organization:

- Gossip and rumor may become common. The gossip often takes the form of malicious exaggeration, and the rumors may center on real or imagined company failings.
- Backbiting and character assassination may also be prevalent. Much of this may be disguised in the form of crude humor, but the real intent is painfully obvious.
- The company's communications network may be slow and unreliable. Verbal orders and messages may be blocked, delayed, or distorted, and legitimate announcements may never seep through to all levels of the work force.
- Personnel statistics may reveal that turnover and absence rates are high. The justifications for excessive absences may seem

innocuous—"cold," "indigestion," "personal business"—and the reasons given for resignations may seem to appear standard—"more pay," "better job," "better climate." But high rates of absenteeism and turnover are definite signs that something is wrong in the company, and it may be that too much sweetness and light is stifling individuality and making otherwise challenging jobs routine and uninteresting.

## DEALING WITH CONFLICT

The first step in dealing with conflict within the organization is to realize that the basic problem is not conflict itself, but the way in which conflict is handled. When dealt with properly, conflict is a desirable asset to the company. It can encourage innovation, creativity, and positive change. It can be invaluable in stimulating ideas and producing alternative courses of action that would otherwise remain untested.

Brought into the open, conflict can also contribute to understanding. People can't grapple with the unknown or deal effectively with pretense. Emotional honesty provides the reality on which enduring understanding can be built. Only when people have the courage—and the opportunity—to be honest and straightforward can truly sound relationships come into being.

The next step is to restore conflict and emotion to respectability in the business arena. Because American men are taught that showing emotion is shameful, most of us waste a lot of valuable energy trying to conceal it from others. Yet emotionality is inherent in conflict, and it can be treated in such a way that it facilitates group effectiveness instead of impeding it.

This doesn't mean, of course, that we should give our emotions free rein, but rather that we should express them constructively. If we say, "George's idea makes me angry," we will be expressing our emotion (which others will probably perceive anyway) in a useful way. Conflict is harmful when it becomes personal; an attack on George will make him angry, and nothing will be accomplished. But when we are emotional about the idea and not the person, we bring our conflict into the open in a way that is conducive to rational discussion—and not destructive of personal relationships.

In order to make conflict a productive and positive force, it's also

important to develop what we might call a climate of acceptance within the company. If a man presenting a report or describing an idea is continually interrupted with criticisms and evaluations, he is likely to become tense, defensive, and angry. If, on the other hand, his ideas are received courteously and he is interrupted only for the purpose of obtaining clarification or amplification, he is much more likely to feel comfortable and inclined to be frank. Most of us tend to hide or alter our ideas when we sense criticism as we are presenting them.

This doesn't mean that honest disagreement isn't necessary or desirable. It does mean that a man is entitled to have his ideas heard and understood before they are criticized. The man who has received a courteous and thoughtful hearing is much more likely to accept criticisms and judgments in the spirit in which they are offered.

## MAKING CONFLICT WORK FOR YOU

The things the executives should know about conflict and the methods of dealing with it can be set forth briefly in the form of ten guide lines:

1. Recognize that conflict is inevitable.
2. Recognize that conflict is usually an emotional experience.
3. Recognize that conflict can be constructive.
4. Make conflict work for you by bringing it out into the open.
5. Examine the conflict in terms of the opposing ideas, not the personalities in back of the ideas.
6. Deal with the conflict in terms of the facts involved, not the emotions the facts arouse.
7. Accept the idea that people in conflict are emotional and need to express that emotion.
8. Set a meeting tone of acceptance and understanding which will permit emotional expression.
9. Make no judgments about the people or the emotions involved in the conflict; assess only the opposing ideas that underlie the conflict.
10. If emotionality becomes too intense for comfort on an issue, postpone further discussion and permit a period of reflection prior to attempting to resolve the conflict.

When conflict is treated in this manner, it becomes a positive factor in building management cooperation and teamwork. The "one big happy family" concept of organizational relationships can never produce the kind of vigorous, alert management that results from the honest acceptance of conflict as a fact of life—and a valuable asset in today's competitive marketplace. ◆


"As I said, we're looking for someone who not only knows how to take charge, but can get along with people."

# SNARES AND DELUSIONS in Office Job Evaluation

■ *E. Edwin du Pont*

*Position Analyst*

*State Mutual Life Assurance Company of America*

THE ESTABLISHMENT OF A JOB-EVALUATION SYSTEM in the office is usually heralded with much fanfare. Management is told that the salary-administration tool that has been created will assure the proper relationship of compensation among jobs. Employees

are told that an equitable method of determining relative job values will now be used. The first job descriptions are prepared with great care, the evaluation machinery is placed in operation, job levels are determined and price-tagged. Finally, the task is completed, and all concerned stand back to admire their work.

From time to time thereafter, the evaluators—usually a committee comprised of middle managers—assemble to pass on voluntarily submitted descriptions for new jobs or jobs that have changed substantially (usually for the better). Because they are busy people with full-time duties of their own, the evaluators cannot always probe the facts behind new descriptions to the extent necessary for an objective evaluation, and they usually must accept the written descriptions largely as a matter of faith.

## WAR OF WORDS

At about this time, an intriguing game of semantics becomes popular. This game pits job-description writers against the committee members. It may also be played among the committee members themselves, particularly if the evaluation criteria of the system are too broadly stated. Rewritten descriptions for jobs that have become "enriched" (i.e., have become more complex or have gained more supervisory responsibility) often are presented to the evaluators in a manner that suggests that they have just been delivered from Mount Sinai or recovered from a Dead Sea cave. (Jobs that have become "weakened," on the other hand, are hidden away in attics like mad relatives and never see the light of day or the evaluation committee's agenda.)

Depending upon the literary skill and aggressiveness of the job-description writer (usually the supervisor to whom the incumbent reports), the job level resulting from the evaluation process may be far above the level representing its proper relative value. The committee members, neither naive nor unintelligent, recognize this and attempt to battle through the murk caused by their own lack of knowledge about the job towards a truly objective evaluation. Their efforts are heroic, but they often bog down in the maze of technical detail and euphemism through which they must wander to reach the cold, hard facts material to proper evaluation.

All this may seem an exaggeration, but the fact remains that,

however principled and objective the job-description writer may be, there remains a tendency to rationalize toward a more favorable presentation of the job than is justified by fact. Then too, the description of a job is often influenced by the writer's opinion of the current incumbent, rather than by the operational need that the job is intended to serve.

### DISTORTING THE PICTURE

On the other side of the coin, jobs that change enough to justify increases in salary levels are not always re-evaluated to reflect their true worth. The passage of time brings procedural and organizational changes that ultimately make these jobs materially inconsistent with their original descriptions. The changes are usually slight, and their effect on job values is easily overlooked—but as they accumulate, the job description slowly becomes more fiction than fact.

Other factors may intensify the deterioration of job-value relationships. For example, the dollar-value ranges placed on the various levels may lag behind an upward movement in the labor market. Those responsible may be reluctant to recommend an appropriate upward adjustment. To avoid losses of valuable personnel, individual executives often consider "upgrading" a particular job, rather than promoting the man, to lift the wage ceiling of a valuable employee who is casting his eye on greener pastures. So begins the rationalization process that leads to a disruption of valid job relationships that later adjustments of the general salary structure cannot correct.

Weak job analysis is also a prime contributor to the deterioration of job-value relationships. Too often the analyst does not look beyond the answers to a standard questionnaire in his attempt to obtain the facts needed for evaluation. The periodic review to discover changes requiring new descriptions often becomes nothing more than a routine request for certification that no material changes have occurred. Analysts rarely interview superiors and incumbents to determine whether actual job performance has drifted away from the job description.

These situations frequently result in morale problems as disproportion develops between compensation and job values. They

lead directly to two kinds of dollar losses—the cost of replacing experienced employees who leave the organization because their job descriptions (and salaries) are not up-to-date, and the cost of overpaying employees who are riding on "padded" descriptions.

How can these costly inequities be avoided? There is little doubt that one answer lies in thorough and effective job analysis. Job analysis is not a new technique, but the means of increasing its effectiveness remain unexplored in many companies. Here is a workable approach that can be used to develop the controls necessary to the success of a job-analysis program.

## WRITING THE JOB DESCRIPTION

The use of a battery of analysts to provide a description-writing service is pure luxury. There is no reason why all supervisors who have occasion to originate job descriptions cannot prepare at least the first draft in accordance with a simple, standard technique. It is difficult to believe that there is any supervisor who cannot or should not be asked to describe the duties of his immediate subordinates. This is part of his job. If he wants to sit back and dictate his text, give him an official guide to job-description writing technique and let his dictation be made to his secretary—not to the analyst.

This approach causes the originator to deal with his own superlatives. It is easy to toss off verbal flourishes suggesting that Charlie is a dragon-killer from eight to five daily, but the supervisor may think twice about putting it in writing. He would much prefer to jockey the analyst into the position of conceiving and writing all his dragon-slaying statements for him.

Further, the time-consuming process of extracting the basic information about a job is obviated. After all, the supervisor knows the job best—certainly better than any analyst. After verifying stated job facts through interview techniques, the analyst can smooth and correct the text as necessary and present a second draft to the originator to reconcile any objections he may have.

The job description prepared by the supervisor is an important first step in the evaluation procedure. It provides the analyst with a foundation of information without which a valid and accurate evaluation is impossible.

In obtaining job information, the analyst should not depend too heavily on a standard questionnaire form. Such a form, completed by the supervisor, can serve a useful purpose in providing a description of duties, but the analyst also needs information that cannot feasibly be uncovered by a questionnaire. If, for example, the supervisor is asked on a questionnaire whether or not the job described is properly related to companion jobs, he is naturally inclined to reply in the affirmative. But such a question demands an independent and unbiased perspective, and the analyst should pose it to himself after he has obtained sufficient job facts to answer it intelligently. He (or the evaluation committee) may then battle out any discrepancies—overlapping of duties, for example—with the supervisor.

There is no reason why the analyst should not have a "reminder" questionnaire for his own use, to insure that he does not overlook any important step in his examination, but he should not permit it to place an arbitrary limit on the extent of his inquiry.

### THE ANALYST'S TECHNIQUE

One of the best ways to create a major personnel relations headache is to permit the staff member conducting the job analysis to assume a heavy-handed approach in his dealings with supervisors. At the same time, however, it is unrealistic to expect an analyst to conduct his interviews with supervisors in the same way a junior high school newspaper reporter might interview Mrs. Eisenhower. The analyst is out to get facts that will have an effect on the distribution of the company's salary dollars. To get these facts, his credentials must be unquestionable and he should have management's support in obtaining maximum reasonable cooperation from the supervisors he deals with.

During the proper and tactful conduct of his duties, the analyst may unavoidably tread on a few supervisory toes, but on the whole, his relations with other company personnel should be pleasant. Just as honest bookkeepers rarely object to polite-but-thorough auditors, most supervisors will recognize the value of the job-analysis program and will be willing to extend their full cooperation.

The analyst should be well schooled in the organizational policy of the company. When he is aware of the intended position of

each job in the organizational structure, the analyst can insure that the duties written into a group of related descriptions are consistent with company policy. If the job analyst cannot speak with authority about organizational policy, then he should work hand-in-hand with those who can.

## JOBS THAT "DRIFT"

In time, the written description of any job and its actual duties will show variances. The implications of this situation are obvious. But how do we guard against "drifting"?

Some companies send a certification form to supervisors at periodic intervals. The supervisor, unless he believes that the job has changed materially, merely signs a statement indicating that the job is still substantially the same as originally described. But how does a supervisor know whether or not a duty change is material? Even in those companies where supervisors are aware of the evaluation system used, they rarely develop a professional understanding of it. This problem of untrained decision-making will be compounded as methods of evaluation become more precise and reliable.

In this scientific age, the sometimes nebulous "pick-the-applicable-statement" method of evaluation seems destined to be modified in order to permit the relation of concrete, quantitative facts to equally well-defined criteria (e.g., average monthly overtime, productivity rates, etc.). Work-sampling techniques, long used for other purposes, can also be put to excellent advantage in job analysis. Though it makes a system more complex, work sampling can be justified on the ground that it makes the evaluation system that much more equitable and effective. In these days of automatic transmissions and fuel injection systems, few people repair their own cars. Similarly, as job evaluations become more complex, the need for professional analysis will become increasingly apparent. It is unwise to let an amateur tamper with the system, regardless of how competent he may be otherwise.

The best defense against drifting is a regular schedule of "desk audits"—a complete re-analysis conducted at the incumbent's work station. Both the supervisor and the incumbent should be told precisely why the analyst is re-examining the job. Then when

the analysis is completed, the analyst should explain his findings to the supervisor before filing the formal report. This gives the supervisor an opportunity to correct erroneous statements that the incumbent may have made to the analyst and to emphasize any factors that he feels may have been overlooked or underestimated. The analyst, fresh from a two- or three-hour analysis, has a good idea of how the incumbent actually spends his time, and this knowledge makes it possible for him to point out all material differences between the job description and job performance that he has observed. When the analyst and supervisor agree on the factual aspects of any material duty changes, the analyst will request that the job description be rewritten.

This interview before the filing of a formal report gives the analyst and the supervisor a chance to "lean on the fence" that separates their respective bailiwicks and talk the matter over informally, thus creating better relations between the staff responsible for the job-evaluation system and the various operating elements.

## EVALUATING THE JOBS

Once the rewritten description has been prepared, the evaluation procedure is the same as that applicable to any job.

If the act of evaluation is performed by a committee—and this is the most common approach—the analyst has two important functions to perform:

1. The analyst should explain the jobs to the committee in person. He should be prepared to answer, fully and factually, all questions material to the evaluation. In his presentation, the analyst should use every available device to convey facts about a job to the committee. Exhibits are an excellent medium. A diagram relating job duties and the organizational setup can assist greatly in illustrating the effect of a major organizational change on individual positions. Bear in mind that the analyst must not only probe and obtain facts, but must also communicate them quickly and effectively.

2. After his presentation, during the evaluation discussion among committee members, the analyst should "watch dog" the facts. It often happens that committee members misunderstand a

statement made by the analyst. Words convey different meanings to different people—an eternal communications problem that exists to varying degrees in all types of committee work—and it is up to the analyst to clarify any misinterpretation of his remarks. In exercising this right, the analyst should take care not to relate facts to the criteria of the evaluation system. This is the function of the committee. The analyst's job is to guide the facts through the evaluation discussion. If, in their final decision, the committee wishes to give away their dowry or rob widows, such is their prerogative. But do not let this result from faulty presentation of facts by the analyst.

## GUARDING AGAINST OBSOLESCENCE

Job-evaluation systems, like job descriptions, tend to become obsolete due to technological changes and improved evaluation techniques. It would be wise to take a long, hard look at the system from time to time. Don't wait until someone discovers a reference to quill sharpening in the degree definition text to decide that the time has come for scrutiny of the entire procedure. The job-evaluation system is a valuable machine, and it requires the same periodic maintenance as its physical counterpart in the shop. An inefficient or obsolescent machine has no more place in the office than in the plant.

If the evaluation system is the machinery that produces job levels, its raw material is job facts, and analysis is the process by which this raw material is obtained. A company can assure a constant flow of high-quality raw material by using all available means to make the analysis comprehensive and effective. ♦

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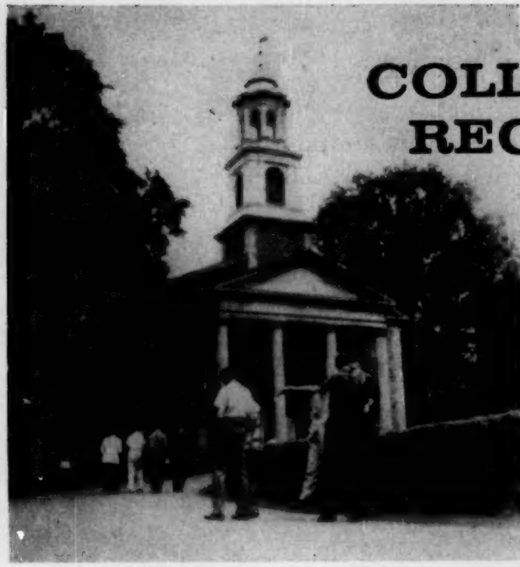
AN ORGANIZATION belongs on the sick list when promotion becomes more important to its people than accomplishment in the job they are in. It is sick when it is concerned more with avoiding mistakes than with taking the right risks, with counteracting the weakness of its members rather than building with their strength. But it is sick also when "good human relations" become more important than performance and achievement.

—Peter F. Drucker in *Landmarks of Tomorrow*



# COLLEGE RECRUITING:

## VITAL FIRST STEP IN MANAGEMENT DEVELOPMENT

■ *Reid L. Shaw*
*McKinsey & Company, Inc.*

MOST TOP EXECUTIVES wouldn't be caught dead without a program for developing competent managers to meet their present and future business needs. Yet these same executives will often neglect one of the fundamental aspects of management development—recruiting the men who are to be trained. The success of a management development program depends to a large degree on the human raw material it deals with, and many failures stem directly from attempting to develop men who just don't have the basic equipment to make good.

Unless a company can recruit high-talent college graduates in sufficient numbers, it places a severe limit on its executive development program and, consequently, on its future growth and profit. This direct relationship between recruiting and management development seems to escape many executives, who continue to look at recruiting as strictly the province of the personnel department. Personnel directors, on the other hand, complain—and rightly so—that their ability to attract to men is limited by factors in the company that are beyond their control.

The high costs of failure in recruiting may not be felt in lost growth and profit opportunities for several years, but they will be felt. Management cannot afford to overlook the five factors that are critical to success in recruiting:

- Determining future manpower needs
- Providing career opportunities
- Developing effective training programs
- Maintaining consistently high standards
- Employing productive recruiters.

A review of these factors in any company must be directed by the top-management group, for only they have authority to take the corrective action that may prove necessary. But it need not take a great deal of top-management time. The actual conduct of the review should be delegated to others; top management's role is thinking through the objectives to be attained, making the objectives clear to those conducting the review, listening receptively to findings and recommendations, and acting to put needed changes into effect.

## DETERMINING MANPOWER NEEDS

One recruiter, sent to a large eastern college during the winter, invited six outstanding candidates to visit his company's headquarters for additional interviews in March. When they arrived, they were informed that they appeared to possess the needed qualifications, but that management hadn't decided whether to employ any new people. They were told to "check back in June" to see if there were any openings. When June came, there were openings, but none of the six candidates "checked back." Quite naturally, they had long since accepted other offers. Moreover, the company was forced to suspend recruiting activities at that college, because its bad reputation assured its recruiter of a cold reception by seniors during the next few years.

Before a recruiting and selection program can be realistically launched, a company must determine how many men and women are needed and what qualifications they should possess. This determination cannot be made by the personnel department alone; executives in all functions of the company should be responsible

and accountable for making a manpower plan and for feeding the resulting information to the personnel department.

This may sound elementary, but it is quite evidently not understood or practiced by all companies. At a recent meeting attended by eighteen men responsible for recruiting in some of the largest companies, no fewer than eleven listed the lack of manpower planning in their companies as their major problem in recruiting.

One symptom of poor manpower planning is "peak and valley" recruiting, which results when short-term business ups and downs cause violent fluctuations in the number of people the company seeks to recruit. Ideally, a company should be recruiting on college campuses every year, seeking approximately the same number of recruits.

Achieving this ideal is difficult, but not impossible, in most industries—and failure can be expensive. During the recession years of 1957 and 1958, some of the largest, most actively recruiting companies slowed or even halted their recruiting activities. This was unfortunate, both for graduates in those years and for the companies themselves, which may experience a shortage of trained personnel in 1960-1962, when present economic forecasts indicate that business will be booming, and when manpower will be needed in lower management jobs and in equivalent staff positions.

## MANPOWER PLANNING

Some companies try to avoid such pitfalls by making organization and manpower planning a major responsibility of their executive group and by considering recruiting a long-term investment rather than a current cost. In one large corporation, for example, all executives are expected to look ahead one, five, and ten years at the amount and nature of work that they anticipate and find answers to these questions:

1. What organizational structure will be needed to handle the anticipated work?

2. How many and what kinds of managers and professional specialists will be needed to man this organization?

3. Is the manpower now within the organization adequate to meet future needs?

4. If not, what percentage of future needs must be met by recruiting men directly from college and developing them to meet these needs?

5. How long will it take to develop the recruits' skills and abilities so that they can effectively perform the work to be done? And, judging from past company experience, how many recruits will leave the company during their first five years?

## PROVIDING CAREER OPPORTUNITIES

To attract high-talent college graduates to fill its needs, a company must be able to point to long-term career opportunities. Companies that recruit only to fill a specific job, without defining development and promotional opportunities, suffer a serious competitive disadvantage in recruiting.

Broadly speaking, there are five principal categories of work in most companies: (1) clerical or production work; (2) first-line supervision of this clerical or production work; (3) semitechnical and semiprofessional "support" work; (4) technical and professional work; and (5) administrative staff and management work.

As a rule of thumb, high-talent college graduates should be recruited for eventual placement only in the last two categories: professional or administrative staff and management positions. Otherwise, a company can find itself spending large sums as a trainer for competitors.

Faced with a high turnover of college graduates, one company studied its present utilization of college graduates to determine: (1) what positions really required college graduates, and (2) what positions were currently held by college graduates. The study revealed that many college graduates were doing routine clerical work and, as soon as they could find a better job elsewhere, they left the company. When the company shifted college graduates to more interesting and challenging work, turnover dropped sharply.

## CHANNELS OF ADVANCEMENT

In defining career opportunities, management should recognize that not every man will be interested in or qualified for a manager's position. A company must provide equally rewarding opportunities

for the scientific and professional personnel who operate most effectively as individual contributors.

Many companies have been working on defining and providing the types of opportunities that General Electric calls "parallel paths of progress" for individual contributors and managers. But there are still many firms in which a top-notch engineer is forced to become a mediocre manager in order to attain the status and compensation he wants and deserves.

In addition to providing advancement channels for professional personnel, management should insure that promotional opportunities are not limited to a particular department or geographic location. Most companies talk about providing company-wide advancement opportunities, but few actually do it. This problem becomes intensified in large companies that are geographically and/or managerially decentralized.

To provide company-wide opportunities for advancement, these practices are helpful: maintaining a "central manpower inventory" to which managers can turn for candidates for open positions; making a continuing effort to identify promotable individuals and include them in the central manpower inventory; and following a strict policy of staffing open positions anywhere in the company with qualified men from this inventory.

Such a policy helps to insure company-wide promotional opportunities to deserving individuals; it not only contributes to more effective management, but also provides the company with a real recruiting advantage in attracting high-talent college graduates.

## DEVELOPING TRAINING PROGRAMS

Rightly or wrongly, most recent college graduates have become firmly convinced that "going on a training program" marks the difference between starting a career and just getting a job.

Training programs have two basic purposes: first, to get recruits off to a flying start on their business careers, and second, to be a recruiting "plus." A training program that is an effective development device is bound to appeal to high-talent college graduates.

Perhaps the most important aspect of a training program—to the college man as well as to the company—is the opportunity to

(*Continued on page* 81)

# BUSINESS DIGESTS OF THE MONTH

# Seven Fallacies of BUSINESS IN POLITICS

**By Michael D. Reagan**

*Condensed from Harvard Business Review*

THE DRIVE to get corporations into politics is not much more than a year old, yet it has been a precocious baby and has become the center of much concern.

The newness of today's business-in-politics movement lies in its new emphasis on party politics and electoral participation, as additions to the policy-and-legislation kind of political approach that business has generally taken in the past. It represents, in some ways, a shift from the political activities associated with an interest group to those forms of participation directed at selection of candidates and at obtaining a voice in party decisions.

There are seven major propositions underlying the business-in-politics movement, each one of which is to some degree suspect. Admittedly, not all businessmen subscribe to all seven of these propositions; yet the arguments by advocates of a more vigorous political role for business will usually be found to be based on at least several of them.

1. *The interests of corporations are the interests of society; therefore, corporate managers should be trustees for society.*

As pleasant as this platitude sounds, it is naive, futile, or dangerous for corporations to strike such a pose. It is especially naive when it is a sincere belief and not a public relations device. Then it indicates a lack of understanding of democratic politics, which is not a process for guaranteeing the dominance of any man's conception of the public interest, but a way of accommodating the conflict of the diverse interests of various groups.

It is likely to be a futile belief, because it will not be shared by other groups. The nonbusiness factions, recognizing that in some respects their own interests differ from

those of the corporation, will only see hypocrisy in such a claim. It can be dangerous in that widespread public acceptance of such a proposition would mean that one interest out of many would go unchallenged.

As some proponents of more active corporate political activity have suggested, it is probably better for business to assert its own interests frankly than to wrap all its demands in the mantle of public do-goodism.

2. *Business is at present in a dangerous state of political helplessness.*

What is really meant by this assertion is that business has regularly taken a licking at the polls. This is often true, and should hardly come as much of a surprise to those who realize that a very large majority of the population are not business executives. Even so, it ignores the influence of business on the legislative side of politics. If anything, the election of 1958 and the contrasting record of the first session of the Eighty-Sixth Congress suggest that access to the legislature is the more vital point of contact, and business has that access.

The picture of giant American corporations as undernourished political underdogs strains credulity past the breaking point for other reasons as well:

- The nation's press is overwhelmingly pro-business.
- Institutional advertising and a harmony of interests between business management and communications management give corporations an unmatched opportunity to make their voices heard.
- The high prestige of business leaders is attested to by many public opinion studies.

Thus, it is difficult for businessmen to elicit much sympathy when they play the role of poor, pitiful Pearl.

3. *The primary purpose of getting into politics is to put the unions in their place.*

This is the applied version of the second proposition. Its most obvious fault is the implication that when the power of labor weakens, business no longer need interest itself in public affairs. If businessmen are to enter politics with no broader or more permanent reason than to beat down the unions, they can hardly sustain the claim that they have entered politics merely as good citizens.

Somewhat less obvious, perhaps, is the fact that labor's political power is considerably less than its friends hope and its foes fear. Legislatively, this should be fairly clear at the moment; note the AFL-CIO's inability to secure a milder reform bill, a higher minimum wage, adoption of federal standards for unemployment compensation, or major expenditures for public housing.

Nor do the electoral successes of November, 1958, prove quite as much as has been asserted. Just as businessmen would be pushed into solidarity by any measure that threatened vital corporate interests—say a peacetime excess-profits tax—so also was labor united and pushed into exceptionally vigorous activity by the right-to-work issue.

Further factors overlooked in current corporate estimates of the power of labor are the low proportion of labor union members who bother to

vote, and the fact that at least a third of those who do vote mark their ballots in the opposite way from that which is suggested by their national leadership.

Finally, the attempt by business to ape labor's political tactics is at least as likely to create a reaction of unprecedented solidarity and political effort on the part of unions as it is to increase business power vis-a-vis labor power.

4. *Business ability is directly translatable into political ability.*

Apparently, executives are assumed to have automatically the true answers to all economic and social problems. There is no need to study, investigate, or consider alternative facts, views, or definitions of issues.

Large affairs are too complex and multifaceted to be susceptible to such off-the-cuff treatment, and the businessman who thinks that he need only learn techniques and not substance will not soon gain the intellectual and political respect of a literate and skeptical public. In a world of specialties, the executive who intends to play an active political role will find it necessary to inform himself deeply on a range of problems far wider than those involved in his own firm's production.

Perhaps the most important obstacle to the translation of business skills into political skills lies in the difference between the corporate and the political environments. The legislator is not at the apex of a hierarchy; he is accountable to the rank and file of his constituency and can be turned out of office easily.

The politician faces a multiplicity of demands, some of them conflicting. He cannot ignore any—he cannot please all. He is subject to pressures and temptations, conflicting loyalties nag his decisions, and he must spend much of his time running errands for constituents rather than studying the legislative agenda. In short, his world is one of far more complex and varied relationships than are found in the business world. More than knowledge is needed to make the businessman something greater than a political textbook technician.

5. *Electoral activity is the only route to political influence.*

Business should not forget that some of the most effective political work it has ever done is that of writing legislation—as was apparently the case with Taft-Hartley and the 1954 tax revisions. Nor should it lose sight of the fact that the oil industry—and other extractive industries—did not obtain the depletion allowance by party-electoral activity, but by quiet, unpublicized work with individual legislators.

Businessmen as a group, whether organized locally or in national trade associations, have a bargaining power far beyond their numbers. Corporate leaders should expend as much effort in devising positive programs to solve evident social problems as they have frequently spent in stubborn opposition to the solutions proposed by other groups. Then they might substantially increase their legislative influence without ever seeing the inside of a ward club.

6. *What works for the labor goose also works for the corporate gander.*

This assumption is founded on a belief in the similarity between cor-

porations and unions as political citizens.

A trade union is an association of people having officers elected by the membership and removable by them. When the officers act politically in the name of the members, it is clear whom they are representing. Granted, a disgruntled minority will not approve of political use of its dues money, but majority rule at least provides a rationale for the situation.

Where does an attempt to supply a similar analysis to the corporation lead us? First of all, we think of the corporation as an association of capital rather than of people. This is formally true of the only elections held in a corporation, those of the board of directors, where the balloting is on a basis of one share of stock, one vote—not one man, one vote. It is thus the money-ownership that has the vote and to which the officers are accountable. This raises a question concerning the propriety of voting rights that vary with the amount of property owned by the voter—this in a society that outlawed property qualifications for the suffrage more than 100 years ago!

This may be a rather unlikely situation, however. In the era of the managerial corporation, many observers have noted, the role of the stockholder has dwindled to that of a bit player, a simple receiver of dividends who participates in policy decisions even less than do the rank and file of labor unions.

But since stockholder pressures have diminished, managers have been able to proclaim that they are acting in the interest of a host of "clients" or "publics," as noted under Proposition #1 above. Some of the questions that can be asked might cause these claims of trusteeship to prove embarrassing:

- If the corporation claims that it acts in the interests of its suppliers, does the ethic of political democracy require that the suppliers have a voice in determining the corporation's political direction?
- If the corporation asserts that it is acting also for its employees, then what is to prevent a demand that the corporate leaders be accountable to their members' political preferences?
- If, as a final alternative, the corporation foregoes the trusteeship concept to embrace partisan political action and the managers claim simply to be representing the corporation itself as a person created by legal fiction, are not serious problems raised concerning the concentration of power and the principle of political equality?

7. *The corporation can restrict its participation to the issues it selects.*

If the corporation wants to play a significant part in partisan affairs, its interests must be as broad as those of a political party. The corporate executive who is acting as a representative of his firm cannot demand to be heard when his party's labor or tax plank is being written and refuse to answer questions about his firm's position on civil rights, summit meetings, or farm policy.

How many corporations are prepared to take a public stand on the full range of public issues? Any that are not ready to do so should do some deep thinking before they mount the political podium. ♦

# What Happened to the Boom?

*Condensed from Newsweek*

What's happened to the 1960 boom? At the beginning of the year, consumer surveys showed that the 1960 demand for cars would be far stronger than last year's. Yet automakers have slowed down production to keep dealer stocks from piling up. Earlier predictions called for a rush on credit and a subsequent squeeze on money. But so far the eager borrowers have not materialized. And finally, while the year started with warnings about inflation, the threat of it seems to be fading.

Does this mean that the first year of the "Soaring Sixties" will end in a slump?

The answer seems to be an emphatic "no." The forces that drive the economy forward are rolling without check. Government spending, both federal and local, is moving upward (from $97.6 billion in 1959). Consumers are spending money at a record rate of $322 billion a year. And recent reports show that the third force—business's job-creating spending for new plant and equipment—is running strong, and will continue to do so for months.

The *Newsweek* quarterly survey of capital appropriations, conducted by the National Industrial Conference Board, shows that during the last three months of 1959 the nation's 1,000 leading manufacturers approved $2.8 billion in new expansion plans—40 per cent more than in the final quarter of 1958, and the fourth jump in a row. During the 1959 wind-up quarter, these firms actually spent $2.6 billion, canceled $150 million worth of approved expenditures already on the books, and moved into the new year with an appropriations backlog of $7.6 billion—enough to maintain the current rate of spending for more than nine months.

Evidence that the rise in capital-spending plans isn't turning into a runaway boom can be found in the survey's "diffusion" count, which records the number of firms raising or lowering appropriations but does not record the size of the company and its appropriations. During the last 1959 quarter, 56 per cent of the manufacturers boosted their approvals, contrasted with 60 per cent in the July-September period and 67 per cent in April-June.

While they kept their spending sights high, businessmen switched targets at the end of 1959. The trend for the first nine months had been toward increased outlays for new plants—26 per cent of approvals were

earmarked for "bricks and mortar" at the beginning of 1959, and 38 per cent by the end of the third quarter. At the beginning of 1960, however, this emphasis had been switched to equipment, and new construction plans were slashed to 22 per cent of the total.

Possible reasons for the changes in spending plans include the general unease caused by the steel strike, a slowdown in the appropriations cycle, and—most probably—hesitation on the part of companies to set aside money for new plants when they could not be sure when they would be able to get the structural steel to build them.

How soon will the additional funds earmarked for expansion actually be translated into new orders for plants and machinery? And how much of a real boost will they provide the economy?

The chain reaction already is under way. Capital spending, as distinct from appropriations, climbed 18 per cent in the last quarter of 1959 over the same period in 1958—the first rise in more than two years. Commitments—orders for plant and equipment for which money already had been appropriated—also rose 20 per cent. These orders, the survey's records show, precede spending by six to nine months. Thus, the jump in appropriations indicates increased spending throughout most, if not all, of 1960.

The impact of capital spending might be felt even beyond the turn of the year. The 1955-57 capital-expansion cycle lasted 30 months. The current upswing has been under way for a year and a half. If history repeats, it should roll right into 1961. It could, in fact, outlast its predecessor, according to Conference Board chief economist Martin Gainsbrugh.

Gainsbrugh's forecast is based partly on industry's healthy financial outlook. With profits expected to rise (the government predicted a record $55 billion before taxes in 1960, compared to $48 billion in 1959), and with bigger depreciation allowances, manufacturers will have plenty of cash on hand. More than nine out of ten executives recently queried plan to pay for all of this year's capital spending from internal sources. The growth in research spending (estimated at $9.4 billion for 1959-60) and the consequent flood of new products and new processes should also stimulate expansion, Gainsbrugh thinks.

Healthy as it looks, however, the economy displays no sign that we will see anything like the capital boom of 1955-57. For one thing, the gains recorded now must be measured against a far bigger base than during the previous surge. This year's Gross National Product is running past the half-trillion mark. In 1955, GNP measured $363.1 billion.

Inflation also has left its mark. Dollar for dollar, as figures released by the Commerce Department and the Securities and Exchange Commission show, 1960 may match the $37 billion record for capital spending set in 1957—but they won't be the same kind of dollars. Prices of capital equipment have risen from 10 to 15 per cent since that time.

The boost in capital spending expected for this year—an increase now estimated at $4.5 billion—will thus

support rather than boost the economy. The government predicts that the $37 billion total will result from an average rate of $36 billion in the first half of the year, $38 billion in the second half. But the second-quarter rate is pegged at $37 billion, so the rise toward end of 1960 will be slight. This tempers earlier hopes for a big boost late in the year to offset a drop in inventory building.

Earlier in the year, financial experts listed the plusses in the economy first, and then added the reservations. Now the reservations come first. ♦

## *Are You Scrapping Money?*

ONLY 80 PER CENT of the metal that goes into your plant will come out as finished products. That means that the other 20 per cent will be completely wasted—unless you can take advantage of the many opportunities available for cutting losses due to scrap.

Here are nine tips for saving on scrap, as reported in *Steel*:

1. *Keep scrap segregated.* Scrap dealers will pay more for metal if it is kept free from extraneous materials. The place to segregate scrap is at the point of generation. Simple tote boxes or elaborate conveyor systems—depending on the kinds and quantity of scrap you handle—will help. So will proper markings: color, code, or names. Make sure the in-plant collector of scrap knows what type of material is coming off each machine.

2. *Minimize your scrap output.* Redesign your product and its manufacture to eliminate as much scrap as possible. Buy metals that are nearest in shape, form, and size to your end product.

3. *Re-use scrap.* Some scrap can be used as raw material for smaller parts. As scrap, this material may be worth $40 a ton; as raw material, it may be worth as much as $150 a ton.

4. *Sell scrap as salvage.* If scrap is good enough for production but doesn't fit your needs, check with your scrap dealer. He may sell it as salvageable material; he will pay more for it than for scrap.

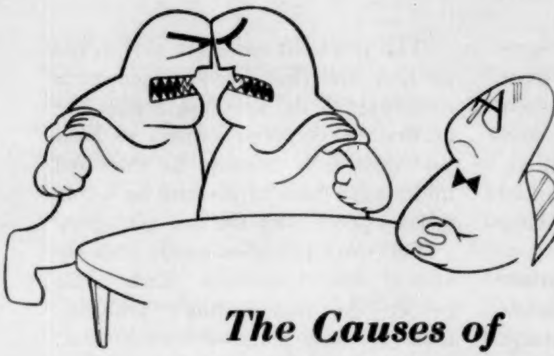
5. *Ask your scrap dealer for advice.* Many experienced scrap dealers will help you with your segregation and handling problems. An increasing number of dealers can provide special equipment, such as engineered containers.

6. *Develop a rulebook.* Some companies find it helpful to spell out the rules of scrap control in a manual.

7. *Watch your weights.* Sell only on certified truck or rail weights, not on a lot basis using estimated weights. Be careful in loading scrap. If you load into a railroad car, see that it is clean and that no extraneous material gets into it.

8. *Check scrap as inventory.* Scrap has value, and it should be properly accounted for.

9. *Use in-plant promotion programs.* Posters, bulletin boards, slogans, and meetings will help minimize unnecessary scrap generation and maximize its value once it is generated.



# The Causes of Management Conflict

By T. E. Stephenson

*Condensed from California Management Review*

DISCUSSION of conflict in industry usually focuses on disputes between the union and management or between the workers and management. Little is said, however, about conflict among executives themselves.

What are the causes of management conflict? One major cause is the division between organizational ranks—between top management and executives at subordinate levels. There are three specific reasons why executives may question the authority of top management. In the first place, higher levels of employment and greater opportunities for managers to move to different firms have given them a greater independence. When they disagree with higher management, they no longer feel the necessity to keep it to themselves. They are able to express and maintain their views in the knowledge that in the last resort they can obtain another post without too much hardship.

Secondly, with the development and increased power of many unions, the gap between lower levels of management and the workers has often been decreased. Thus, low-level managers may increasingly identify with the work force, to the detriment of their relationship with higher management.

Thirdly, with the increased emphasis on human relations and the worker as a human being, managers have in turn come to reflect on their own rights. They argue that if they have to give more consideration to the worker, then surely they are entitled to more consideration from higher management. The failure of higher management to consider the human needs of subordinate managers is one source of conflict.

Another group of conflicts arises out of the organization of management. The first of these is conflict between those managers who are specialists and those who exercise line functions. For example, there may be conflict between the chemist whose concern for his profession comes before his concern for the organization, and a

production manager who views production as the organization's most important aspect. This conflict often erupts on questions of quality and quantity standards. In such situations, the specialist often tends to be more critical of the organization than does the line manager.

Another aspect of this conflict arises when the line manager believes—correctly or not—that the specialist is encroaching on his territory and taking away some of his power and status. When this happens, the line manager often resists any advice offered by the specialist and seeks to isolate him in the organization.

Change or threatened change may be a third cause of this kind of conflict. If the specialist suggests changes in method or in organization, the line manager may believe that they will lower the status of his section—either through lowering the skill required to perform the work, reducing the number of people in the section, or making it subordinate in the organization structure to another, possibly new, department. Lowering the status of the department is often considered by the manager as a reduction in his personal status.

A manager may also fear the unknown. He may feel that he understands his department and the processes that take place in it. When a specialist changes these aspects of the department, the manager may wonder if he will be able to understand the new situation and keep on top of it.

These conflicts must also be seen from the side of the specialist. In some situations, the specialist feels frustrated by either line managers or his non-specialist superiors, or both.

The specialist can offer advice, but he may find that line management is unwilling to do anything about it—or that the superior refuses to back his ideas fully because he does not understand them or because he wants to keep peace with the line managers.

The specialist occasionally runs up against other specialists. Each tends to see the organization's problems from his own point of view. Thus, when a sizable problem occurs, each of these specialists tries to put forward his own viewpoint, resulting in a contest to see who can exert the greatest influence on the policy-makers.

In addition, specialists, like other managers, try to build empires. Thus, there is a contest among them for the necessary permission and finance to expand their areas. Those who succeed feel an increase of status; those who fail prepare for the next round.

This struggle for power is not confined to specialists and their departments. It may also occur between various production departments. Each wants to establish a high level of performance—but such performance usually depends on cooperation from other areas. When, for any reason, this cooperation does not come, one department—and its manager—may feel antagonistic toward another.

Another version of this conflict can arise where there is shift work. The management of a production shift may feel superior to that of a maintenance shift. Or a late shift may blame the preceding one for not making the changeover efficiently or for failure to provide some necessary information.

Some managers think in terms of

"productive" and "nonproductive" work. Those departments which produce goods sometimes regard those which administer, control, and provide services as inferior or "parasites."

Conflict may exist between the levels of an organization, where each level sees the organization from its own point of view. Trouble arises when managers on one level feel that the company would be in far better condition if it were not for the mistakes of those on higher and lower levels. The problem is further complicated by the fact that there is always pressure from both above and below; the manager caught between the two feels in conflict with the sources of both.

Organizational conflict arises sometimes when two or more firms combine. There is a conflict between loyalty to the old firm and loyalty to the new organization. There may be a feeling that something that existed in the good old days has been lost: power, status, cooperation, and so on. This may not be true, but it is easy to view the past through rose-colored glasses.

Another problem arising out of amalgamation is the question of who is placed in the responsible posts. Members of one of the original firms may feel that their prestige has suffered if none of their managers are given high posts in the new organization.

There is conflict when responsibilities and jurisdictions have not been clearly defined. When there is no definition of standard practice, fringe decisions may not be made, and the people concerned might throw the responsibility in question onto others. Or someone may make decisions at the periphery of his jurisdiction and find that someone else claims that *he* should have made them.

All these conflicts are basically disputes between different parts of an organization. But there are also personal conflicts to consider. One is between those managers who have reached the ceiling of their own careers and their superiors. Another may develop between these "static" managers and those below them in the hierarchy who, by virtue of performance or education, will eventually surpass them. In both cases, those in "dead ends" may feel frustrated and bitter, even though the "dead end" may be quite high up on the management ladder.

Other sources of personal tension are differences of education, of political outlook, of religious conviction, and of what is considered right and wrong in business.

The problem for higher management is to determine how far to go in trying to remove the causes of tension. Obviously, these conflicts are disruptive; they can be costly in terms of production, finance, and human effort. Yet some conflict is essential to constructive work; to remove all of it is impossible and unwise. Thus the job of top management is to accept some measure of conflict, to control it so that it doesn't destroy the organization, and to develop wherever possible "constructive conflict" that will help the organization achieve its goals. ♦

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**EDITOR'S NOTE: For a discussion of methods of dealing with management conflict, see "One Big Happy Family?" on page 9 of this issue.**

# MARKETING ORGANIZATION:

## There'll Be Some Changes Made

*Condensed from Printers' Ink*

THIS YEAR opened with a flurry of marketing reorganizations. Early in 1960:

- United Carbon created a new marketing organization to handle new-product diversification and to explore new marketing opportunities.
- Electric Autolite Co., which sells 400 items from its various divisions to automotive producers, centralized all customer service in a new original-equipment sales department.
- Schenley Industries consolidated four sales divisions into two, to promote "greater cooperation between distributors and distiller."

This activity is a continuation of the wave of marketing reorganization that swept over American business in 1959. It is also a hint of more and greater marketing changes to come in what some call "the decade of the marketing strategist."

Recently, *Printers' Ink* analyzed 100 examples of marketing reorganization carried out during the past year. The study uncovered three guide lines to the future:

- There will be more activity in reviewing and revamping product lines and in devising new organization structures, in order to concentrate the strongest and most adaptable selling efforts on products and markets.
- Top management will play an increasingly active role in marketing. The chief executive's leadership can open the way to marketing progress; lack of it can mean costly delay in reorganization.
- The evolutionary process of marketing organization and reorganization will continue to be unique for each company, and will depend on its own market situations, thinking, needs, and available skills.

Why do companies reorganize their marketing? Factors include the growing, changing, more demanding market; increased competition within the market, stimulated by new products; company growth, diversification, or merger; and changes in corporate management.

All these factors are facets of one common goal: to secure more profitable sales. Companies are finding that, in order to secure them, it is becoming more important to plan for them.

The kinds of marketing reorganization revealed in the study were as

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varied as the companies involved. However, the areas in which the most changes took place could be grouped into several categories: sales and salesmen's compensation, general marketing structure and planning, and distribution.

In the area of sales, companies adopted new structures of sales management, placed greater emphasis on sales training, and closely examined —and often completely revised— salesmen's compensation plans.

A Federal Reserve Board study of 200 large companies shows that their profit as a per cent of sales fell from almost 10 per cent in 1940 to less than 6 per cent in 1958. How can a company turn the tide and reorganize for maximum profit from sales?

One way that has proved successful for many companies is use of the product manager. He is, in effect, a deputy marketing director for a specific product line. However, as with all other elements of marketing organization, applications of the product-manager concept—his functions, responsibilities, reporting arrangements—vary widely with companies. These are two recent examples:

- Nestlé has traditionally sold its chocolate, coffee, and related products through one sales force, working under a sales vice president and an advertising vice president. With its lines under increasing competition, Nestlé switched last summer to the full-scale version of product manager. It organized separate coffee and chocolate product divisions, each headed by a general product manager. Each has a separate sales force and authority for advertising and the other marketing functions.
- The Winchester-Western (firearms) division of Olin Mathieson Chemical Corp. formerly left market planning to the field sales staff, and the planning suffered. The division's reorganization assigned the planning function to marketing managers for each of its main product-market areas.

For a variety of reasons—including the desire to reduce or control costs, or standardize remuneration—many companies are reviewing and revising their compensation policies:

- New management at Photostat Corp. inherited a policy of sales compensation tied to volume rather than profit—a policy that contributed to two losing years in a row. It is being corrected by basing compensation on profit performance. In 1959, Photostat had its first profitable year in three years.
- Smith-Corona Marchant acquired companies with different compensation plans. SCM is working toward a uniform system in which the prime consideration is profit.

The drive for improved profitability through increased efficiency and decreased cost seems certain to produce changes in distribution. Recent signs:

- Raytheon plans this year to eliminate four regional warehouses through which it had previously shipped its tubes and other distributor-sold products. From now on, all orders formerly channeled through these points will be handled through the company's big new Unicenter in Westwood, Mass. Orders will be placed via an automatic telegraph system and shipped by air freight. Raytheon forecasts a saving of at

least $250,000 a year—plus more efficient service—from the new plan.

- Faced with stiff price competition in the camera field, Argus stabilized its prices, took steps to monitor dealer advertising, and began to eliminate many of its 8,000 franchised dealers in favor of "a selected group . . . who will properly support the Argus line."

Experiences of those who have been through the reorganization mill indicate a number of problem areas. There are questions about which organizational route to take, how far to go, and how to get there. But one basic problem must always be licked: the reluctance to change. This reluctance, even after plans for a change have been completed, can affect—and paralyze—top management, as well as the people in the lower echelons. There seems no doubt that to succeed, a reorganization plan must have the consent of the affected.

Perhaps the strongest force behind acceptance of marketing organization is top management itself. The increasing understanding by chief executive officers that they must lead the way in marketing will communicate itself throughout the reorganization process. ♦

## *The 1959 Accident Toll*

JOB INJURIES experienced during 1959 disabled 1,970,000 American workers, according to estimates of the U.S. Department of Labor's Bureau of Labor Statistics. About 13,800 of these injuries resulted in death.

The 1959 injury total, the highest since 1953, was 8 per cent above the 1958 figure. Though increased employment contributed to this rise, there was also an increase in the injury rate—up from 29.4 per thousand workers in 1958 to 31.2 in 1959.

Fatal injuries did not increase as much as did work injuries in general. The 1959 total of 13,800 deaths was 4 per cent above the 1958 figure but was lower than any other year on record. The death rate of 22 per 100,000 workers matched the record low established in 1958.

Although the 1959 safety record was not as good as 1958, it compared favorably with that for most recent years. The increase in injuries appears to reflect increased industrial activity; the injury rate often rises when there is an influx of new workers and when experienced workers are shifted to new processes and activities.

In addition to the 13,800 deaths, approximately 84,200 injuries resulted in some degree of permanent physical impairment, ranging from the amputation or partial loss of use of a finger or toe to complete inability to engage in any future gainful employment. The remaining 1,872,000 injuries each disabled a worker for one full day or more.

All together, these injuries resulted in approximately 41 million man-days of disability during 1959. When the future effects of the deaths and permanent impairments are evaluated and added to the immediate loss, the total attributable to the 1959 injuries will amount to approximately 168 million man-days of disability—equivalent to a year's full-time employment of about 540,000 workers.

# EMPLOYING THE NEGRO:
## A SURVEY OF MANAGEMENT PRACTICE

**By Paul H. Norgren, Albert N. Webster, Roger D. Borgeson, and Maud B. Patten**

*Condensed from Employing the Negro in American Industry*

WHAT EXPERIENCE have companies had employing Negroes in industrial jobs requiring skill and educational background?

This is the question that researchers of Industrial Relations Counselors, Inc., have sought to answer through a two-year study of actual management practice in 44 companies. The answers will prove valuable to employers who, in the past, have had little or no need to be concerned with biracial employment, but who now feel they can or must draw on the increasing Negro labor market.

Negroes comprise the largest racial minority in the U.S. and account for about 10 per cent of the nation's civilian labor force. Over the past decade, 18 states and more than 30 municipalities have passed laws prohibiting discrimination in employment, and the federal government now includes fair employment practice provisions in its contracts with industry. Thus the expansion of employment opportunities for Negroes has become an increasingly important issue.

Here is a summary of IRC's findings, as reported in its study, *Employing the Negro in American Industry*.

*Why hire Negroes?* According to the study, managements have hired more Negroes for one or more of the following reasons: to increase the labor supply; to conform to government requirements; as a realistic step in effective personnel management; as a matter of principle; to secure the local or national Negro customer market; to enhance public relations; and in response to appeals made by organizations devoted to improving the situation of the Negro.

*Preparing the way.* Managements found that a forthright policy made orderly planning for the hiring of Negroes smoother. In addition, putting the policy in writing placed an obligation on managers and supervisors to fulfill the policy in practice, supported them in doing so, and put a company on record as conforming to any related legal requirements.

Managers and supervisors were better able to handle any questions or problems that arose when they were informed of the policy to employ Negroes before the actual hiring. A company's usual procedures for announcing personnel practices dictated whether or not to announce the policy to all employees. Some

companies successfully let the actual placement or promotion of Negroes speak for itself.

*Recruitment and selection.* Practices in recruiting and selecting Negro employees fell into two patterns:

1. In initially admitting Negroes into occupations for which they were not formerly considered, companies took more than the usual recruiting steps. They exercised special care to see that selection standards were met and devoted careful attention to applicants' personalities and their potential acceptance by co-workers.

2. As soon as some Negroes had been satisfactorily placed in somewhat varied jobs, recruiting and selection of Negro applicants were handled in the same manner as for white job applicants.

Companies found it important to inform employment agencies and other sources of Negro applicants about the nondiscrimination policy, whether or not any other kind of publicity was released. They found it equally important to explain precisely what the job requirements and other selection standards were, in order to assure application by, and referral of, the most qualified candidates available.

Where a company's usual employee-selection standards were satisfactory, it was generally unnecessary to adjust them for Negroes. Two reasons against adjusting them were given: Raising standards discriminates against the applicant. Relaxing them and placing incoming Negro employees next to present workers who previously met higher job requirements adds to the difficulties of adjustment.

*Placement and orientation.* Broadly speaking, companies had two types of experience with regard to placement and orientation of Negro employees:

1. In most companies, the usual placement and orientation procedures, where properly designed and administered, could be applied just as well to incoming Negro employees as to others.

2. In some situations, departures from customary practices were necessary, in order to place Negroes initially or upgrade them most effectively.

*Job progress.* In most companies, the progress of Negro employees from unskilled or beginner jobs into better jobs has been relatively slow. There were two main reasons given: Because Negroes have been employed in industry for a comparatively brief period, their seniority standing is generally low, and most of them lack the experience to compete for promotions. And in many cases, Negroes lack the educational background to qualify for company training that would fit them for advancement.

Job progress varied, however, in different types of employment:

1. Negro employees have made the greatest progress in *production operations,* where skills acquired on the job qualified them for advancement.

2. Negro employees achieved very few jobs in the *skilled crafts.* The reasons for this are: (a) Negroes have long been excluded from membership in some craft unions, thus denying them necessary apprentice

training; (b) Negro employees either cannot qualify for, or do not take advantage of, company apprentice training in the crafts, largely because of the long training period required; (c) they therefore prefer to apply for higher-paying production jobs, in order to increase their earnings faster.

3. In some predominantly *white-collar* establishments, Negro employees have made substantial progress. In manufacturing operations, however, they were less frequently given office and other white-collar jobs. Only a relatively small number of Negro employees have achieved supervisory status, generally in first-line supervision.

*Performance as an employee.* A clear-cut majority of companies found that Negro employees were, on the whole, no better and no worse than their white co-workers. Performances were found to be generally the same in quantity and quality of work, job attitudes, absenteeism, tardiness, accidents, illnesses, and turnover. In the area of assignments and garnishments against wages, the record of Negro employees was found to be generally worse than that of white employees.

*On-the-job relationships.* Employee resistance to new Negro co-workers created disruptive situations only in a few instances. Companies found that, in most cases, unfavorable employee reactions soon dissipated where the incoming Negro employees were competent on their jobs and where management dealt firmly but fairly with each display of undesirable attitudes on the part of either Negro or white employees.

In terms of supervision of biracial groups, managements found very little trouble. Possible problems, they found, may be partially prevented by coaching white supervisors in advance as to what situations could arise and how they may be best handled. Supervisors, however, often had to be warned against showing leniency toward Negro employees who did not maintain required standards of performance and conduct.

In the few instances where Negroes were appointed as supervisors of mixed racial groups, initial difficulties with white employees sometimes occurred, but competent Negro supervisors were generally able to gain the respect of their work groups.

No weighty problems were reported regarding Negroes and whites sharing or jointly participating in company-sponsored employee activities where these factors are present: (a) separate facilities for white and Negro employees were provided where local law or community customs so dictated; (b) the rule of common company facilities for all employees was firmly upheld where no community segregation patterns existed; (c) management insisted that company-sponsored employee social and recreational activities were open to all employees who wished to take part; and (d) management limited its role to seeing that participation in such activities was available to all employees.

*The factor of unions.* Managements frequently noted differences between international union policy and local union attitudes toward the employment of Negroes. In some situations, local unions did not follow the inter-

national policy against racial discrimination; this tended to discourage the wide employment of Negroes. In addition, some locals have only passively accepted Negroes under union-shop arrangements.

In no case reported in the study did a union initially propose that Negroes be admitted to the workforce, nor did any of the managements discuss with union representatives the question of employing Negroes until the decision to do so had been made by the company. ♦

## *How Companies Communicate with Their Employees*

HOW DO COMPANIES COMMUNICATE with their employees with regard to a serious controversial issue? A recent survey conducted by the University of Bridgeport (Conn.) reveals how companies handle disagreements between employees and management over vital matters.

Here are the media preferences on the various issues, as reported in *Connecticut Industry*:

AUTOMATION—*Media most used:* plant newspaper, plant magazine, community newspaper: *media used to some extent:* roundtable conference, newsletters, community radio, personal letters; *media not used:* individual conferences, mass meetings, daily bulletins, plant billboards.

UNION NEGOTIATIONS—*Media most used:* personal letters, community newspaper, plant newspaper; *media used to some extent:* newsletters, roundtable conference, community radio; *media not used:* public address system, plant billboards.

UNION REPRESENTATION ELECTIONS—*Media most used:* plant newspaper, newsletters, personal letters; *media used to some extent:* bulletin boards, mass meetings, community newspaper, community radio; *medium not used:* public address system.

PRODUCT PRICE INCREASE—*Media most used:* community newspaper, personal letters, newsletter; *media used to some extent:* plant newspaper, plant magazine; *media not used:* posters, public address system, reading rack.

EMPLOYEE PAY SCALES—*Media most used:* plant newspaper, daily bulletin, newsletters; *media used to some extent:* individual conference, roundtable conference, community radio; *media not used:* daily bulletin, plant bulletin board.

GUARANTEED ANNUAL WAGES—*Media most used:* plant magazine, personal letters, plant newspaper; *media used to some extent:* community newspaper, community radio, newsletters; *media not used:* reading rack.

COST-OF-LIVING INCREASES—*Media most used:* plant newspaper, personal letters, community newspaper; *media used to some extent*: bulletin boards, community radio, plant magazine; *medium not used:* public address system, daily bulletin.

SPECIFIC POLITICAL ISSUES—*Media most used:* plant magazine, newsletters, plant newspaper; *media used to some extent:* roundtable conference, posters, mass meeting; *media not used:* bulletin boards, community radio, public address system, plant billboards.

# How to Delegate FINANCIAL AUTHORITY


**By Frank Schwab, Jr.**

*Condensed from Management Methods*

JUDGING by a survey of current corporate practice, delegation is here to stay—except when it comes to money.

Can top management delegate its authority to make capital expenditures? Or does this weaken financial control? Can managers be given flexibility and local autonomy in financial matters, or must top management pass on every appropriation request?

In order to allow executives the time to concentrate on their vital responsibility of over-all planning, certain authority for money decisions *must* be delegated. The problem is how to place such decisions at the proper management level.

Top management should be concerned with these three basic categories:

*Expenditures producing policy changes.* Any expenditure which will change the basic course of an organization's policy should be reviewed by top management. This would include such matters as acquisition and merger, or buying equipment to manufacture a new product line.

*Expenditures affecting intangibles.* Any major acquisition that will secure intangible benefits for the company should be decided upon by the top-management group. This would include prestige items (such as executive cars) or investments arising from air pollution complaints.

*Expenditures changing products or services.* Any commitment of funds which will result in a substantial change in the quality or quantity of the product line or company service should receive top-management attention. This would include machines that greatly increase output, expenditures for increased customer service, quality refinements, etc.

Plant and divisional managers should be concerned with:

*Expenditures leading to cost savings.* Any expenditure that will result in a cost saving in the local plant should be made by the plant manager,

since he is in the best position to evaluate the needs of his particular operation. Undoubtedly, the local manager, like his top-management counterparts, will have far more requests for funds than there are funds available. His skill in selecting the best investment ideas will both improve the operational efficiency of his plant and provide top management with an excellent index of his performance.

*Expenditures for replacement.* Any decisions concerning replacement of equipment should be made by the local manager. Naturally, there would have to be a dollar ceiling placed on his expenditures, but it should be large enough to allow the local manager latitude and small enough so that top management will have control over any really sizable investments.

*Expenditures regarding miscellaneous changes.* There are some decisions that call for middle-management action even though they may affect policy changes or even run contrary to established policy. Setting an arbitrary dollar limit may be the best way to insure that top management will be saved time on all but relatively major matters.

One example is air conditioning for salesmen's cars. Although this "luxury" might be contrary to company policy on a nationwide basis, a regional manager in the southwest might need it to enable his men to compete effectively. If he is able to budget certain funds for such matters from his total appropriations, the company will benefit. Again, the effectiveness with which the local manager commits his investment budget provides top management with insight into his present performance and his potential as a top manager.

The assignment of analyzing and authorizing large expenditures is a crucial one. At the firm-wide level, this responsibility should rest with a major officer. In the largest corporations, this has sometimes required a vice-presidential position. The responsibilities of such a financial officer—controller, treasurer, or one of many such titles—include:

- Pulling together all pertinent data needed for the final recommendation.
- Designing and administering the reporting format of all proposals reviewed by the senior executives and board of directors.
- Providing financial guidance to his counterparts at the plant and divisional levels.
- Reviewing a selected sampling of each plant's decisions.
- Analyzing the results of financial decisions made by the senior executives.
- Continually revising all phases of the corporate investment practices in order to insure that they will meet the firm's ever-changing needs.

At the plant or division level, the man given the responsibility for that area's investment analysis should report to the officer in charge of the area activities—such as the plant manager—just as the corporate financial officer reports to the president. This regional or local responsibility may require the creation of a separate job, or it may be included in the duties of existing personnel, depending upon the size and operations of the organizations.

The men given responsibility for investing and spending money, on the corporate and plant level alike, should meet certain requirements:

First, these men should be technically competent in the use of such quantitative tools as discounted rate of return.

Second, they should have the personal qualifications necessary for conducting successful staff work, including the ability to work well with people and to sell their ideas.

Third, they should possess some broad industry background. Previous work in operations or internal management engineering would be particularly helpful.

Fourth, such candidates would benefit from having some teaching ability. Much of their time will be spent bringing to all levels of management the latest thinking on broad investment matters. ♦

## *Conversation with a Computer*

MACHINES that can converse intelligently and deal with ideas—once part of the world of science fiction—are now part of the present.

A conversation with a computer was reported at a recent meeting of the American Association for the Advancement of Science. The chat—about the weather—was part of the work of L. E. S. Green with a 650 Computer of the International Business Machines Corporation at the Computation center of the University of Toronto.

A vocabulary of some 300 words, plus about 350 reply "frames," consisting of sentences with the key words left blank, were given the machine. The computer fed into the blanks words whose suitability was determined by coding them systematically in terms of seasons, months, pleasant or unpleasant weather, and the like.

In the conversation reported, the machine had been told: "This month is August, today we had rain and severe heat. Yesterday it was sunny and hot. Tomorrow will be cold and cloudy."

The conversation then ran as follows:

Man—Did you enjoy the rain we had this afternoon?

Machine—Not really, what I like is sunny weather.

Man—In hot weather one needs at least one bath every day.

Machine—Yes, I was just out and it was sweltering.

Man—When Christmas comes we will have some colder weather.

Machine—Cold? Yes, it's usually pretty frosty during December.

Man—Today is clear weather. Will it last?

Machine—Let me have no lying. It becomes none but tradesmen. How can overcast weather and the clear day you mention coexist?

In another report to the meeting, E. C. Berkeley of Newtonville, Mass., admitted the chatty machine was not infallible, even though it was not easily deceived. He maintained, however, that in the next decade the use of computers to deal with ideas will be widespread and that it will be impossible for an outsider to tell who or what is giving the answers in a conversation between machine and man.

—*Film and A-V World,* 2/60

# GUIDES FOR FINDING
# Better Supervisors

By Milton M. Mandell

*Condensed from Dun's Review and Modern Industry*

BAD SUPERVISION is a luxury that companies can no longer afford. Money wasted on scrap losses, absenteeism, turnover, and grievances are all possible penalties of poor supervisory performance. And with production methods rapidly changing in industry today, poor supervision can hold back company progress.

One approach to solving the problem has been improving supervisory training. But at the same time, there is a growing realization of the value of picking the right supervisors to train in the first place.

What is a good supervisor? And how can a company pick one? Studies made at Lockheed Aircraft, Detroit Edison, Prudential Insurance, and other companies show that the supervisor's job is twofold: He must meet the company's production demands and, at the same time, satisfy the employees' demands for a friendly, considerate boss. Supervisors who lead their employees rather than drive them usually turn out to be the real producers.

Another study of 153 first-level supervisors showed that the best of them had certain traits in common: They gave clear, intelligible instructions; their word was reliable; and they let their men know how they were doing. They were physically active and energetic. They didn't easily fly off the handle or get rattled in an emergency. They could accept criticism from a superior. And they were tops when it came to job knowledge and technical skill.

Finding a man with all these qualifications is far from easy, but companies are getting surprisingly good results by using more and better selection tools.

First, companies are trying to increase the chances of success by getting a larger group of candidates to choose from. North American Aviation, Inc., for example, likes to have at least ten candidates for every supervisory opening. There are several ways of increasing the number of employees applying for a supervisor's job. Present supervisors can nominate them. So can the personnel department, if it has the proper records. And employees can nominate themselves through a job-posting system.

Another way is to make sure you haven't established more rigid requirements for candidates than the job calls for. Ask yourself: How much ambition and aggressiveness should

the supervisor have? Should he be a man who does things rapidly, or will a man who moves at a slower pace do as well? What education must he really have in order to be able to do the job? Each unnecessary qualification reduces the number of possible candidates right at the start, and thus gives management less freedom of choice. The trick is to fill the job that is actually open, not some imaginary position somewhere near the presidency.

The first step in the actual selection of a supervisor is often a battery of psychological tests. These eliminate some of the obviously unqualified candidates, and will save time later. Testing, in general, has additional advantages: It is a comparatively inexpensive way of getting facts on a large group of candidates; it helps management by placing the selection process on an objective basis; and it helps convince each candidate that, regardless of whether his supervisor nominated him or he nominated himself, objectivity *is* the rule.

Relative test scores usually count for only about 20 or 25 per cent of a candidate's over-all evaluation. Other criteria must, of course, be considered. A supervisor has to know the right answers, but he must also have the skill to put them into practice.

Often a candidate's immediate supervisor is asked to provide a written rating of him on a printed form. These ratings have proven to be misleading in many cases. General Electric points out that, because the same words may mean different things to different people, a rating may be interpreted quite differently from what its writer had in mind.

But even if the rating is clearly understood, there are additional dangers in accepting such ratings at face value. As Guy W. Wadsworth, Jr., of Southern California Gas, points out, "low-grade supervisors tend to attract and favor lower-grade men." Research in Navy establishments shows that supervisors who go easy in their appraisals are likely to be those who are near retirement and haven't made much progress themselves. Tough raters usually turn out to be young, ambitious, and on their way up. That's why it's better to talk to the supervisors of candidates to get the information you want instead of relying simply on written forms. It's important to get the reasons for opinions as well as the opinions themselves.

A new trend is to bring more members of management into the selective process and not to leave it solely to the man under whom the new supervisor will work. At least two, and often three interviewers—and sometimes two sets of them—are used. They are usually men with wide experience in the company, skilled in interviewing and in job analysis. They study the test and appraisal results before they meet the candidates, thus minimizing the danger of misjudgment in the interview itself.

A new type of interview is the "group oral," in which candidates are brought together and given a problem to discuss while management observes. The session will often indicate—particularly if the subject is a "hot" one that brings out strong

opinions—how clearly candidates can explain their viewpoints, how they take criticism, and how effective each one is in a group situation. The group test also allows raters to observe up to six candidates simultaneously.

Often, top plant management takes part in the interviews of first-line supervisors. At the Armstrong Cork Company, for example, finalists are interviewed as a group by the plant manager, the assistant plant manager, the plant personnel manager, and other executives. The final selection is made by the plant manager, his assistant, and the production manager.

These various interviews, evaluations, and tests are designed to bring out answers to the following questions that top management should ask about a potential supervisor:

- Do the other employees like him and respect him?
- How good is his judgment about people and about problems of a non-technical nature?
- Does he work well under pressure? Does he keep his head in an emergency?
- Does he get flustered by changes in work methods or by new problems?
- Is he interested in technical problems only, or does he show interest in management problems, too?
- Does he want responsibility? But is he also so ambitious that he will become a "yes" man to his bosses and a tyrant to his subordinates?
- Is he healthy and active? Does he do a full day's work?
- Does he keep up with the latest developments in his field?
- Does he make suggestions for work improvement?
- Does he prepare himself for advancement?
- Is he cooperative?
- Can he take criticism?

An employee who rates high on at least nine of these factors should be a good man to pick for the important job of supervisor. ♦

## *Build a Better Mousetrap . . .*

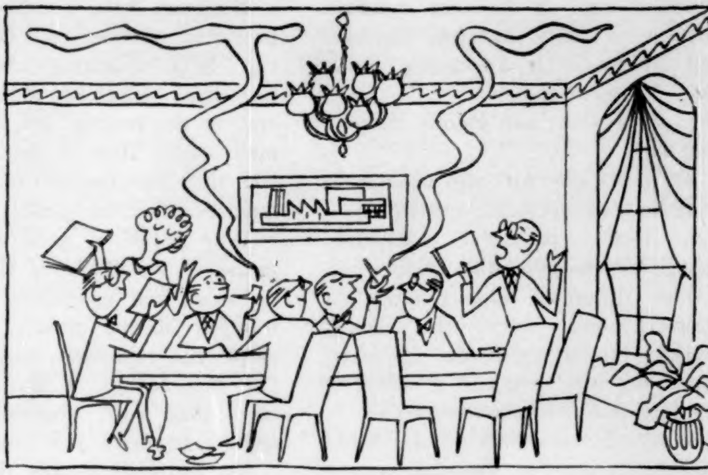
WOMEN ARE IRRITATED by many of today's household products. This was demonstrated by wives of members attending the recent Gas Appliance Manufacturers Association convention.

The 125 women, in "brainstorming" sessions, poured out ideas in answer to the question, "What products not now on the market, or unknown to you, would simplify home management?"

Women said they want a toothpaste dispenser that measures automatically and has no loose cap, "childproof" wall paint, a device to remove static electricity from dryer-dried clothes, disposable oven and broiler liners, picture-thin TV screens for wall hanging, pouring spouts on drug and medicine bottles, and disposable underwear and socks.

Others want no-mildew leather, a dishwasher with shelves that could be transported to the cupboard, a cheap recorder for home telephone answering service, a car-wash system for home garages, beds that rise and lower, and carpet sweepers with magnets to pick up bobby pins.

—Elmer Roessner in *Business Today,* 4/15/60



# Behind the Board Room Door

By Thomas B. Masterson

*Condensed from American Business*

SURPRISINGLY FEW corporations are making effective use of what has been called "the most neglected tool of management": the board of directors.

In an attempt to discover what makes an effective board, questionnaires were recently sent to directors of corporations that enjoy reputations for being well managed. Here are the questions asked in the survey, and a synthesis of the directors' replies:

*As a director, what responsibilities do you discharge?* The common responsibility of directors is "selecting and supporting competent management," according to the respondents. Executives carry the load of responsibility for the day-to-day operational decisions, and the directors' job is to help them.

One way directors help is by keeping their attention on the future, since operating executives are usually tied to the immediate present. Directors—with their generally wider experience—can focus on planning ahead. Being free from the tremendous pressures of day-to-day work, they can also concentrate on the larger problems of company organization, policy, and objectives.

*How are responsibilities divided between board members and operating executives?* In general, directors feel that they should concentrate on the longer-range view, executives on

the short run. A clear-cut and firm division of labor between directors and executives is impossible, however, for these reasons:

1. The short run blends into the long run.

2. Many directors also serve their companies as operating executives.

3. Minor problems sometimes change imperceptibly into major ones.

The different responsibilities of directors and executives partially overlap. In a particular company, experience will provide a workable dividing line between the two.

*What characteristic of the board contributes most to company growth and profit?* The respondents have concluded that breadth of experience is the chief attribute of a good board. The problems a board deals with are almost necessarily "frontier" types of issues for which no precise precedents exist. Legal, financial, technical, and organizational elements must be identified, weighed, and properly evaluated. The pooled judgment of men with a wide variety of backgrounds is required if such problems are to be solved.

*How does the director contribute to the personal growth and development of the nondirector executive?* A director's sympathetic, informed, keen interest in what the executive is doing seems to keynote the answers to this query. Operating executives are always on the firing line. They often work a 60- or 70-hour week. They are under unremitting pressure from employees, unions, government, customers, that vague but powerful force called "public opinion," and, of course, their competition.

Directors have usually felt these pressures themselves. Hence, they can help operating executives to formulate solutions to problems—and, in the process, get to know the men better. Most of the respondents cite this contribution as a valuable morale-builder as well.

*Who makes a good director?* A prime responsibility of the board is to weigh and to balance fairly the interests of the owners, executives, employees, customers, and the public. For this reason, a director should be a man with unquestionable integrity, honesty, and impartiality.

For the same reason, there should be a balance in the makeup of the board between "outside" and "inside" directors—the latter being those who, in addition to being directors, are also active executive officers of the company.

Directors do not necessarily have to be creative individuals, the respondents say, but they should recognize creativity as a driving force in American business and accept it when they meet it in their executives.

*What factors make for a good directors' meeting?* One factor is preparing the agenda and circulating it in advance. A director requires time, particularly on controversial or technical problems, to map out, organize, and collect evidence for the major points he wants to make.

Another piece of practical advice is to bring the directors quickly up to date, at the beginning of the meeting, by means of charts and other graphic presentations. This insures that all present are relying on the same, fresh data.

Many respondents suggest that

nondirector executives who are concerned with the topic being discussed be brought into meetings. Several advantages are cited:

- It develops and broadens the executive "specialists."
- It gives the directors the first-hand information they need.
- Executives' morale is heightened when directors take interest in their work and in their personal development.

Some respondents felt that, where the company is large enough to afford it, the board should be supplied with a staff. It need consist of no more than one man, but he can help immeasurably by securing objective information for the board and by providing continuity between meetings.

*What do "outside" board members contribute to a company?* According to the respondents:

- Outside directors provide additional experience from other industries.
- Outside directors help the board achieve objectivity in representing the shareholders.
- Diversity of opinion and judgment is more likely to produce a decision in which all possible factors affecting it have been identified and evaluated.
- Outsiders are more likely to stick to the major issues, and leave the details to the operating executives.

*How many specialists of differing backgrounds — bankers, marketing men, research men, line executives —should be on the board?* Categorical answers were not made. The respondents agreed on the desirability of varied backgrounds, but preferred general knowledge to specialized knowledge. Although financial and legal knowledge, for example, is desirable, an appropriate specialist is always available for whatever technical knowledge is needed.

A recent survey conducted by Stanford University's Business Research Bureau indicated that the board of directors provides the best means of bringing the lessons of the past to bear on the problems of the future. Any corporation, regardless of size, can make profitable use of the accumulated wisdom of its board members. ♦

## *Banker to the World*

THE INTERNATIONAL BANK for Reconstruction and Development—popularly called the World Bank—has assured underdeveloped nations an uninterrupted supply of capital for their expanding needs during the 1960's. A recent decision raises the bank's authorized capital from $10 billion to $21 billion. Loans made by the bank over the past few years have averaged a record $700 million a year, and may average $1 billion a year shortly, according to a recent item in *Challenge.*

Since its inception in 1944, the bank has made loans totaling over $4.6 billion. So far, the loan breakdown by area is: Africa, $589 million; Asia, a little over $1.4 billion; Australia, $317 million; Europe, almost $1.4 billion; and Latin America, $981 million.

# Tips on Attracting and Keeping Engineers

By Max Fogiel

*Condensed from Personnel Journal*

THE SHORTAGE of engineers, technicians, and draftsmen is felt by almost every major engineering and developmental organization. As a result, employers are competing with one another for available technical personnel by offering attractive wages, promotional opportunities, and working conditions.

Even after a qualified engineer is employed, there are often serious problems. He may become dissatisfied with his advancement opportunities and the type of work that he is asked to perform. And when he finds that the job is not living up to his expectations, he begins to look for employment elsewhere. This kind of condition has caused a large turnover of competent engineers in industry. But it can be avoided—by using proper hiring techniques and by establishing policies for the proper use of engineering employees.

The first step in hiring an engineer is to obtain an accurate specification of the job opening. On close examination of the job description, it may be found that the position originally intended for an engineer is better suited to an engineering aide, such as a technician or draftsman. In addition, jobs that call for engineers only once in a while may be adequately filled by these engineering aides, with staff engineers assigned to the major problems as they arise.

All three kinds of specialists—engineers, technicians, and draftsmen—have much work in their normal routine that could be performed by clerical workers. Relieving these specialists of clerical duties will help keep them around longer.

The best way to fill an engineering vacancy is through recommendations made by current employees or those familiar with the company's activities and policies. But because of the large number of positions to be filled and the comparatively small number of available engineers, employers must, in addition, advertise in newspapers, trade publications, and magazines.

Such an advertisement should be very specific in describing the job qualifications necessary. Vague descriptions do little other than attract unqualified personnel. Advertisements should include the name of a specific personnel man to be contacted. This provides a personal touch between the personnel department and the prospective applicant.

Advertisements that carry merely the name and address of the company, or indicate that the personnel department should be contacted, are ineffective. Many applicants will not respond because of the lack of information.

If a company wants to screen applicants by having them submit resumés rather than appear personally for interviews, then all letters of application should be answered—even if the applicant does not prove to be the one desired. This is simply effective public relations, for word of discourteous treatment will spread and deter many qualified people from applying.

An advertisement will result in a number of telephone calls from interested applicants. Many firms take advantage of this opportunity for preliminary screening of applicants. They ask each man on the telephone about his educational background, work experience, and salary requirements. If the position to be filled lies in a specific salary range and the applicant is already earning more than what is being offered—or if the available work needs a man with very specialized experience and the applicant has not had it—there is often little to be gained by going further and arranging an interview.

Once the interview stage is reached, a meeting between the applicant and his prospective supervisor can be helpful. An engineer comes in considerable contact with his supervisor; an interview between them will help each appraise the other and determine if they will be able to work together. In addition, an engineer with varied responsibilities may have to report to a number of persons. In this situation, it has been found helpful to introduce the applicant to many of his potential superiors. In this way, the opinions of a number of supervisors are obtained, and the resulting estimate of the applicant's qualifications is more reliable.

Where a technical supervisor acts as the principal interviewer, he should explain the job in detail. He should be specific in describing the duties and the responsibilities that go along with them, so that the applicant can acquire a clear picture of what he will be expected to do. In the process, of course, the interviewer will learn more about the applicant's background and goals.

An applicant may be asked to submit documentary proof of his background and work experience. Patents and published papers are usually good evidence of an applicant's accomplishments. They also serve as a guide to how much the applicant has specialized and how acute his analytical abilities are. If the applicant cannot furnish such documentary evidence, he can be asked to illustrate his familiarity with his subject by showing how he would solve certain carefully selected problems.

In the area of wages, managements commonly offer an engineering applicant a somewhat higher salary than what he has been receiving. The increase generally lies within the range of 10 to 20 per cent. This practice, companies feel, serves as an inducement to the applicant to join the new organization.

A great many firms are competing for government contracts in the area

of missiles and weapons systems. But in order to secure these contracts, companies must first prove that they can fulfill their technical contractual obligations. This proof is based on the company's past experience and, above all, on the engineers available to perform the required work. For this reason, many engineering firms seeking these contracts hire engineers solely to show that the company has the necessary skilled manpower. This stockpiling has become a serious problem among engineers, for companies seldom think about keeping them busy after they are hired. The lack of opportunity to use his talents, and his resulting dissatisfaction with the job, contribute to an engineer's desire to look elsewhere for work.

If several engineers have been hired in advance of a company's expected new work, a company needn't keep them idle while waiting for the actual contract. These men can be used to prepare proposals for other projects. If these new proposals eventually develop into contracts, the company will be able to expand its facilities, and management and the engineering staff alike will benefit.

Engineers who cannot be used in these programs can assist on contracts currently being fulfilled. While the manpower already working on the contract may be adequate, the addition of more engineers may help bring the project in ahead of deadline. Meeting the delivery requirements this way may influence the awarding of future contracts.

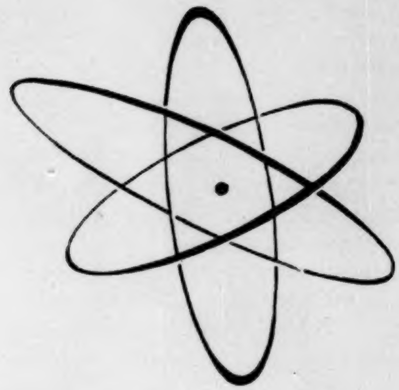
Another solution to the stockpiling problem recognizes that engineers are usually eager to learn more about their own and allied fields. This can be used to advantage by instituting a company-sponsored training and education program for those engineers who are waiting for a specific assignment. Under such a program, experienced university instructors are employed part time to provide lectures and training at the graduate level. If the training is related to the type of work expected in future contracts, such a program becomes invaluable. Companies that have introduced such training programs have proven that many competent engineers forego the higher salaries offered by other firms in favor of improving their educational and working backgrounds. ♦

## *Silver Threads Among the Gold*

COMPANIES giving medals for long service should think twice about offering them to veteran female employees, warns *Industrial Relations News*. The reason: Making a fuss over their long stay with the company reminds them of their age.

If a company wants to bestow tokens for long service, it should beware of scrolls, pins, letters, and other forms of tribute which tend to label women employees as "old timers." Some companies have successfully given bouquets of roses to their ladies, and one large bank allows them to choose one of several sterling silver gifts.

The grandest gesture of them all: The Freeport Sulphur Co. christens its ships with the names of employees with 30 or more years' service.



# How Industry Is Using RADIOISOTOPES

By Phil Hirsch

*Condensed from Commerce*

IN 1946, a total of 18 U.S. industrial firms were using radioisotopes; today, there are more than 1,600. During this 14-year period, annual domestic sales of radioisotopes rose from $63,000 to $1.5 million.

Nuclear science is still a baby among the technological arts, and some of the most valuable applications remain to uncovered. The applications already developed, however, are now producing tremendous benefits in just about every major industry.

Measurement is probably the commonest application. A typical example is the placing of a pea-sized bit of radioactive material, suitably enclosed and shielded, underneath a conveyor carrying a continuous flow of product (cans or bottles of food, for example, or an endless blanket of paper). A Geiger counter or a similar device that can measure radiation is placed above the conveyor and connected to a device that provides a scale reading. If there is a variation in the thickness or density of the product, the accompanying variation in radiation is picked up by the counter. Similar setups are used to make sure that cans —containing anything from food to motor oil—have been completely filled.

A new wrinkle in measurement is "double gauging." It is useful when a product must be coated with an-

other material—when, for example, steel is covered with a ceramic. One radioactive gauge measures the thickness of the steel, and another measures the thickness of the finished product. The two units are connected to a computer that analyzes the readings and then, through associated circuitry, adjusts the coating equipment as soon as it begins dispensing too much or too little material.

Most of the recent progress in using radioisotopes as measuring tools has consisted of adapting well-known techniques and equipment to new jobs. For example, the food industry has long been using radioisotopes to measure the level and density of various liquid and solid products. Within the past two years, a leading railroad (the C&O) has discovered that the same kind of level gauge can prevent excessive loading of huge adjacent bins holding dissimilar metal ores, thus preventing spillage and contamination. A large midwestern utility (the Indiana-Kentucky Power Company) can now estimate how much coal it has on hand by measuring the density of the pile at various points with the aid of radioisotopes.

Use of radioisotopes in trace quantities has produced a number of valuable product improvements in the petrochemical industries. Standard of New Jersey, for example, used radioisotopes to develop cleaner-burning gasoline. The problem was to find out which of the many hydrocarbons comprising a gallon of gasoline caused most deposits in the combustion chamber. A given hydrocarbon was made radioactive, and a sample of gasoline containing the tagged compound was run through a test engine. Afterward, a different hydrocarbon was tagged and the process was repeated. The experiment took three years, but eventually researchers found that a major percentage of the deposits were produced by just a couple of petroleum fractions. When they were eliminated, there was a substantial decrease in deposits.

Tracer techniques have also been used by machine-tool manufacturers to evaluate how well blades, bits, and other cutting devices made of various metals and given various hardening treatments stand up against wear. Similar studies have been made of lubricant performance. The tool is irradiated, and the amount of erosion is measured by periodically checking the amount of the radioactivity that finds its way into the lubricant.

For machine-tool users, the tracer technique is a valuable way of prolonging the life of expensive equipment. One electronics manufacturer, as the result of a tool-wear study made with the aid of radioisotopes, discovered a more effective lubricant that cut his punch-press die costs $30,000 a year.

Tracers are being used in many industries to check leaks and corrosion. Chemical companies, for example, frequently irradiate a small section of process piping, then install it in the line and measure the amount of radioactivity in the material flowing through. Recording the data for a short time shows how fast the pipe is wearing away. Steel companies are using a similar process to check the wear of blast furnace linings and open hearth furnace floors.

A company making telephone repeaters used in submarine cables has

found that by injecting a small quantity of slightly radioactive gas into the equipment before sealing it, then passing a Geiger counter all around the unit, it can detect leaks more precisely and in less time than was possible before.

This same basic idea is being used in some plants as part of routine plant maintenance operations to check buried piping for leaks. A small quantity of radioisotope is injected into the line, and then a workman, armed with a radiation counter, follows the route of the pipe. If the needle jumps, it indicates a higher than normal concentration of radioactive fluid, and probably a break in the pipe wall.

The use of radioisotopes for measurement and as tracers requires only a small amount of material. Less than a curie is often enough to keep a thickness gauge, for example, going several years. But high-level applications require several thousand curies. This fact helps explain why high-level irradiation techniques have received less attention from industrial researchers than other branches of radioisotope technology. Until the fairly recent past, the scarcity of most radioactive materials made them extremely expensive. But in 1958, the AEC completed construction of a small experimental separation plant at Oak Ridge National Laboratory, which increased the radioisotope supply substantially. A number of price reductions were announced shortly thereafter. Cesium 137, for example —a favorite source of high-level irradiation—dropped from $14 to between $1 and $2 per curie (depending on quantity purchased).

There are now plans to build a full-scale isotope separation facility, and, according to AEC officials, further price cuts can be anticipated. This development should encourage industrial researchers to explore the high-level radiation field with greater interest. Approximately 150 companies are probing the field now.

Despite relatively high material costs, a number of high-level irradiation applications have been developed. One new product is an irradiated polyethylene packaging material only three mills thick, which has far greater strength than its conventional counterpart. Irradiated polyethylene also turns in a superior performance when used as insulation on electric wire. So does irradiated teflon; both are now commercially available.

Johnson & Johnson is expected to begin using a radioisotope source for sterilization of sutures within the next few months. Some hospitals have been investigating somewhat similar equipment for sterilizing dressings and bed linens.

Still in the laboratory stage are various other applications using relatively large radioisotope sources. For several years, the U.S. Quartermaster Corps has been bombarding perishable foods with gamma rays in an attempt to preserve them for months without refrigeration. Notable successes have been achieved with many foods. With others, however, sizable problems remain, such as the prevention of off-tastes and the loss of vitamins and other nutrients. Some researchers are now turning to lower doses of irradiation in an attempt to increase the refrigerated shelf life of such perishables as fish, dairy products, and fruit. ♦

# A Job Agency for Retired Executives

**By Albert Ivor Rappaport**

*Condensed from The New York Times Magazine*

TWO YEARS before Walter Deane Fuller retired as chairman of the board of the Curtis Publishing Company, he became concerned about the thousands of healthy, capable executives—like himself—who eventually would be relegated to retirement.

Here, he realized, were men still on a high level of productivity put out to pasture because of company retirement rules. Some day, he vowed, he would do something about this waste of manpower.

"Mandatory retirement at 65 is actually unemployment due to age," Fuller says. "It is sheer mental and moral suicide to force a man with a keen mind, alert faculties, and a fine record of achievement to sit on the sidelines and watch the world go by."

Beginning with the census figure of about 15 million persons in this country 65 years of age and over, he did much research on the subject of both voluntary and compulsory retirement. Then he talked with friends and business colleagues about a plan for assigning retired specialists to selective firms. Their favorable reaction prompted Fuller himself to retire at 75, after 50 years of service. This was in 1957. He launched his new project by opening shop in his own city of Philadelphia.

It took Fuller almost a year to get his project off the ground. He started as a one-man company, contacting numerous firms which might have need for top-flight specialists on intricate assignments. He also interviewed and screened hundreds of applicants.

"We were compelled to reject 30 per cent of the applications," Fuller admits sadly. "Some for unsatisfactory health conditions; others for lack of proper business background."

Nevertheless, Fuller's firm has flourished. He has placed about 300 experienced specialists and has 2,086 men registered. These represent some 300 occupational specializations, among them managers for metal fabrication, chemists in adhesives development, and even one of the few lightning experts in existence. He now has a top assistant, William S. Wilcox, for 36 years chief personnel manager of Socony-Vacuum.

*The New York Times Magazine (March 27, 1960),* 

The fees of specialists are usually arranged directly between the client and the specialist. The Fuller Company fee for locating the specialist for the client company is a payment of $100 when the client accepts the specialist. A further fee, equivalent to 15 per cent of the sum paid by the client to the specialist, is due as earned, but stops with the completion of the job.

One advantage to the firms that hire specialists is that they need not pay the so-called "fringe benefits" that normally go with the jobs. This is quite a saving for the employer: The United States Chamber of Commerce reports that such benefits, at high executive level, range from 21 to 40 per cent of a company's payroll.

Fuller's men seldom accept any assignment at pay lower than established fees. As to whether specialists act as "cheap replacements" for regular staff employees, the answer is definitely no. In a poll of company presidents, the consensus was that Fuller's specialists do not replace anyone, on either an executive or technical level. The main activating influence of the plan is: "Place—but never replace."

Fuller cited a few case histories from his files. The first—an exceptional one—concerns a man of more than 70 who was assigned to tackle a particularly tenacious sales problem for a western firm. He did an extraordinarily good job, reorganizing the company's whole approach to the problem. After three months, Fuller received a call from this man, who said he had just been appointed sales manager of the company—a position which had not existed before but was especially created for him. Subsequently, this new sales manager requested three other Fuller specialists for his staff.

Another case involved an expert in automation. A Pennsylvania firm wanted a consulting engineer of outstandingly high caliber to develop coffee-brewing machines. The Fuller Company found just the right man: a German-born specialist, 74 years old, with the required experience for the job.

Still another case involved one of the country's giant chemical outfits. They urgently needed a chemical engineer to evolve a new, less costly process for the manufacture of carbon black. This called for someone tops in chemical know-how, research, and inventive ingenuity. After a lengthy search, the right person for the job was located. "There was only one hitch," Walter Fuller says. "He was close to 84 and the chemical outfit was hundreds of miles from his home. However, our man insisted he be given an opportunity to grapple with the problem. The company then arranged to have him fly down to the mill. It was his first flight!

"Well, he solved their problem, quickly and efficiently, and saved them thousands of dollars. At first, he refused to accept a fee. He said the satisfaction of licking the problem was enough. Finally, with some gentle persuasion from us, he accepted a fee which he promptly turned over to his favorite charity."

A Brooklyn wholesale lumber company contracted for the services of a plant layout engineer recommended by the Fuller firm. Under his per-

sonal supervision, a new 110,000-square-foot plant was begun for fabricating, warehousing, and distributing building accessories.

The president of the company was impressed with the engineer's ideas for advanced mechanization, utilization of present and future employees, and proposals for increased production. "We like the Fuller plan because it saved us valuable time and money in the screening of numerous plant layout engineers," he said.

The engineer himself said: "When I was picked by Mr. Fuller for this position I was given advance information regarding the setup of my potential employers. I was able to arrange my own fees, my own contract, and my own working schedule."

Retired executives have been placed not only with American companies, but also with firms in Europe, South America, and Asia. At present, Fuller is working on filling orders for specialists in France, Colombia, and Japan. The great majority, however, are placed in this country.

"No man should be forced to retire if he is still healthy and retains a zest for doing things," Fuller declares. "Keeping busy and industrially active sustains a retired person's importance in his own community. He acquires a new confidence in himself." ♦

## *Middle Managers on Freedom*

THE MODERN CORPORATION may be stifling individual initiative, but some 600 middle managers in a dozen large companies recently surveyed by Opinion Research Corporation are not aware of it.

More than four-fifths of them rated their companies at least "pretty good" on allowing freedom in job performance, willingness to delegate authority, explaining reasons for decisions, being receptive to change, and recognizing and rewarding superior performance. About the same proportion denied that company politics took too much time, that they had to participate in company social life they didn't care for, or that business entertaining took too much of their time.

Instead, their gripes took another direction. More than 90 per cent complained there was not enough time in the day to get everything done, and nearly as many said too much time was wasted in meetings. About one-third criticized lack of coordination between departments, undue delay in getting decisions made, and higher-management failure to let them know whether they are performing as expected. Less than 10 per cent were concerned about possible conflict between their goals and those of the corporation.

Superior performance is the way to get ahead, according to 38 per cent of the middle managers. However, 28 per cent stressed, "keep your nose clean," and 33 per cent mentioned both techniques. In this they differed somewhat from the chief executives of their companies, all of whom claimed that they were looking for the man "who sticks his neck out" —provided he is right.

—*Business Week*, 2/13/60

# WHAT MANAGEMENT CAN LEARN FROM Attitude Surveys

By Stephen Habbe

*Condensed from Management Record*

WHEN A COMPANY wants to measure its employee morale, head off personnel problems, or improve communications with its workers, it can often get the important information it needs by making an attitude survey.

More and more companies are conducting employee attitude surveys—many of them periodically. Recently the National Industrial Conference Board polled 155 companies on their survey experiences: why they conducted surveys, what management learned from them, and what was done with the findings. Here are the results:

*Survey objectives.* Why did the respondents conduct their latest attitude surveys? Of 64 different reasons offered, the most frequently mentioned were:

- To measure the level of morale.
- To compare present employee attitudes with those revealed by earlier surveys.
- To uncover "soft" spots in the organization.
- To find out what's on employees' minds.

Company executives spoke of the importance of defining survey objectives in advance. These objectives affect the questions asked, as well as the groups of employees (hourly workers, supervisors, office people, salesmen, etc.) that will be included. They often affect which form of survey is used. If a management feels, for example, that the "why" of employees' attitudes is important, it might use the personal-interview type of survey, or supplement a questionnaire survey with a sampling of interviews.

*Questions asked.* Most respondents (seven out of every eight) included a great many questions in their surveys. In some surveys, as many as 150 questions were asked. In these cases, questions were short and could be answered with a check mark.

Occasionally, a questionnaire will be developed around a single area. For example, management may wish to get employees' reactions to a newly introduced retirement plan. A half-dozen well-phrased questions may be enough to get the information

needed. Such surveys, however, are the exception. In most instances, a wide range of questions are asked.

*Notifying employees in advance.* To get a candid picture of employees' ideas and opinions, some companies conduct surveys without notifying their workers ahead of time.

Most companies, however, inform their employees in advance. Several prefer their employees to think about or discuss the survey subjects beforehand, so that answers will be more than spur-of-the-moment responses.

Two or three days' notice is common, but first mention of a survey is sometimes made as far ahead as two or three months. The first announcement is followed by several others that give information about the survey—why it is being made, the date on which it will begin, the form it will take, and so on.

*How unions regard surveys.* Half the companies polled deal with unions. When the surveys were first announced, almost 39 per cent of these companies found the union officers "antagonistic" or "indifferent" to the survey idea. About 41 per cent said that the union reaction was "favorable." After the survey, only one company found the union's attitude to be less favorable than it was before, while 19 per cent said it was more favorable. In the one case of deteriorating attitude, there had been little follow-through on the survey findings.

*Did management learn anything?* Companies gave 34 different answers to the question, "What significant information did your management get from the survey?" The most frequently given answers were:

- General confirmation of what we thought we knew beforehand.
- Certain specifics such as alleged salary inequities.
- General endorsement of company policies and procedures.
- What was generally on our employees' minds.

*What happened afterwards?* It is generally agreed that the most important aspect of attitude surveys is the follow-up. This varies from company to company for several reasons.

If a company finds from its survey that it enjoys the strong support of its employees on all major policies and procedures, it usually need do little more than inform the workers of the findings. Similarly, if a company's objective is simply to give employees an opportunity to "let off steam," there will be little or no follow-through.

If, however, a company is sincerely interested in finding out—and acting upon—how its employees feel, it may well get into a follow-up program that will last a year or longer.

Another factor affecting follow-up is the time lag between the survey itself and the completion of the report on its findings. This is sometimes a period of several months. Often management's initial enthusiasm with regard to the survey gets lost along the way. Or follow-up may fail because no one is given the definite responsibility for directing it. Specific planning and scheduling of corrective action is required.

Companies participating in the study were asked, "How were the survey findings used?" More than 40 different uses were given, among them these:

• To correct or improve problem situations.

• To improve employee communications.

• As a basis for reviewing company policies.

• To help in revamping development programs regarding supervisors and managers.

Many managements cautioned against taking any action solely on the basis of attitude survey findings. Employees don't usually have all the facts on company problems, and they often have misconceptions mixed in with what facts they do have. Thus it is important to balance survey findings with other information.

*The role of a consultant.* To most companies, an attitude survey is "something different," and a number of companies have found a consulting service helpful. A survey specialist who has faced similar problems in other companies can often assist management in the proper interpretation of the findings, offer suggestions on procedures, and help guide the follow-up.

An attitude survey, of course, is not something completely apart from all other company operations. Thus only a company itself can determine what constitutes an adequate follow-up of its survey. For example, two companies learning the same facts about their respective retirement plans may interpret and eventually apply the findings in very different ways. And both may be right. ♦

## *Compulsory Arbitration? Business Votes "Yes"*

FOR MANY YEARS, U.S. businessmen, legislators, union leaders, and labor experts have debated the merits of compulsory arbitration in peacetime—and have voted against it.

Today, however, most American businessmen have come to look with favor on compulsory arbitration of strikes that cripple the economy. That is the finding of a recent survey conducted by Dun & Bradstreet among 1,423 businessmen throughout the country. Of this number, 875—more than 60 per cent—would favor compulsory arbitration of a situation like the recent steel strike.

The smaller the business, the stronger was the sentiment for compulsory arbitration, the survey revealed. Of large manufacturing, wholesaling, and retailing organizations, 50.6 per cent voted for it; among medium-sized companies, the figure was 62.7 per cent; and among small ones, 71.5 per cent, as reported in *Dun's Review and Modern Industry.*

Arguments *against* compulsory arbitration included beliefs that it would reduce the amount of good-faith bargaining by sending many disputes to the final decision-making body, would be ineffective in the long run, would push labor fully into politics, and would lead to government control of profits and prices.

Supporters of compulsory arbitration approve of it only as a last resort, assuming all other methods have been used. Most businessmen fear the effects of a crippling strike, such as the steel strike, more than they do the potential dangers of government-enforced arbitration.

*Vending machines will sell about $200 million worth of meals this year, and their use is still growing . . .*

# Robot Restaurants: Plant Meals from Soup to Nuts

By J. Russel Boner

*Condensed from The Wall Street Journal*

BY DEPOSITING 70 CENTS in three vending machines, a worker in Skil Corp.'s factory restaurant can assemble a steaming hot lunch of baked ham with pineapple sauce, peas, sweet potatoes, cherry pie, and coffee.

Skil is one of a fast-growing group of companies that are solving the problem of providing hot, nutritious meals for their employees by installing banks of versatile vending machines. These robot restaurants, run at a cost substantially below that of conventional company restaurants, are capable of serving hot main dishes, a variety of hot soups and sandwiches, and hot or cold drinks, and they are credited by employers with lifting worker morale: Skil claims its neat, new 200-seat "automated" restaurant "has contributed to the steady increase in productivity."

As recently as 1954, only about $10 million worth of meals were sold through vending machines. By 1958, sales had climbed to roughly $130 million. Now, they're running at an annual rate of over $200 million—an important share of the vending machine industry's annual $2.2 billion volume.

Many companies that have switched to vending machines from the usual restaurants or cafeterias are achieving substantial savings. The New York Telephone Co. receives about $40,000 annually as its share of commissions from vending machines installed in ten of its Manhattan office buildings. Formerly it paid $20,000 a year in subsidies to feed the 5,000 workers employed in these locations.

Robot restaurants have also proved a financial boon to General Electric Co.'s huge River Works plant in Lynn, Mass. About 12,000 workers are employed in 50 buildings sprawled over 126 acres. Under an agreement with Automatic Merchandising Corp. of Medford, Mass., the plant's entire feeding program is run on a break-even basis to the

company—in contrast to an annual loss of $80,000 when G.E. ran its own cafeteria.

Improvements in vending machines, permitting them to dispense a wider variety of better-quality foods, have also contributed to their steadily increasing use. The first coffee machines made an insipid brew by using a liquid coffee concentrate. Now some of the improved models brew a fresh cup every time a dime is deposited in the machine.

Another new machine keeps sandwiches refrigerated at 42 degrees until a coin is deposited. At the touch of a selection button, a sandwich drops into an electric oven where it is heated in less than 20 seconds and then popped into a delivery chute.

Wittenborg, Inc., Portland, Ore., makes an elaborate machine that can be used for vending over 400 different food items. The machine is equipped with round shelves, each of which has a number of compartments. When further equipped to refrigerate food, these machines sell for $1,595.

Automatic Merchandising employs 12 people in its Chicago kitchens making sandwiches, hot plates, and salads. The food is trucked to customers' plants and loaded in the machines early every morning. Perishable items not consumed the same day are given to a Salvation Army mission.

To counteract the impersonal aspect of machine-served food, a number of vending firms have gone to great lengths to help customers with the décor of their restaurants. Vendo Corp., Kansas City manufacturer of vending machines, hired an interior decorator to create specialized designs for vending machine dining rooms.

Vending machines have added another ingredient to employee menus: variety. "We're able to give our people a much better choice of prepared foods," says Hugh Curtis, works manager of General Motors' AC Spark Plug Division plant at Flint, Mich. The plant converted from a conventional restaurant to vending machines last year. "Now, our employees get a choice of four different hot meals each day, a much wider selection than we could serve economically from our cafeteria's steam table."

Providing coin change has been a troublesome problem, though machines are now available that will change half-dollars and quarters. Newer units also will change paper money. The A.B.T. division of Atwood Vacuum Machine Co., Rockford Ill., makes a dollar bill changer that leases for $30 a month. When a customer places a dollar bill in a tray and inserts it in the machine, the bill is electronically scanned to make sure it's not counterfeit. If it's genuine, the customer gets a dollar in change from the machine's pool of $150 in nickels, dimes, and quarters; if not, the bill changer will reject it. The changer also rejects slips of paper, $5 and $10 bills.

The slotted servers do, of course, have drawbacks. If a machine is not properly maintained, canned food sometimes comes out too hot to handle. Sandwich toasters and can openers are often so crusted with food particles that a hungry worker's appetite is ruined.

Mechanization simply does not sit

well with some employees. Mrs. Helen Healy, who is in charge of the cafeteria at O'Bryan Bros., Chicago garment manufacturer, says that a half-dozen people from different departments in the company went out to sample various hot meals from vending machines. The consensus was that the company should continue using a manually-operated steam table, she says, and rely on vending machines only for cold food and drinks.

In general, however, robot restaurants seem to have won employee acceptance. R. A. Burns, manager of employee and plant relations at G.E.'s River Works plant, says, "The volume of food sales rose from $175,000 when the company operated the cafeteria to $850,000 last year." ♦

## *750 Million Pounds Overweight*

THE U.S. POPULATION is suffering from a problem of massive overweight. To be exact, says the Metropolitan Life Insurance Company, Americans should shed about 750 million pounds.

According to the Metropolitan, too many American adults—far, far too many—weigh more than is good for them. The recently published study of the Society of Actuaries (Build and Blood Pressure Study, 1959) shows that one in every five men is at least 10 per cent above average weight, and that more than one in 20 is at least 20 per cent above average. For women the corresponding proportions are somewhat higher.

The study emphasized the extent to which overweight is highly associated with susceptibility to arteriosclerosis, hypertension, and diabetes, which together are responsible for a large proportion of all chronic illness as well as for about half the total mortality. The study also showed how frequently overweight is found in combination with high blood pressure.

How weight control can mean longer life is illustrated by the following example: A man 45 years old of medium frame who is 5 feet, 8 inches tall and weighs 150 pounds can look forward to about four more years of life than a man weighing 200 pounds (which is about 35 pounds above average weight). He can look forward to a year and a half more than a man weighing 170, which is close to average.

Here are some hints from Metropolitan on keeping your weight under control:

Beware of those first ten pounds of overweight. If you are ten pounds or more over the desirable weight, consult your physician. He will tell you if you should go on a weight reduction regimen, and what you need to do.

Get some systematic exercise every day. Walking, for example, is a good form of exercise, and better than strenuous workouts once or twice a week, unless you are accustomed to them.

If you have to go on a diet, ask a friend who also needs it to go on your weight-control program with you. It takes will power to stick to a diet, and sharing the experience with someone prevents discouragement.

—*Insurance Advocate,* 2/6/60

# BRIEF SUMMARIES
## *of other timely articles*

## GENERAL

**COLD-WAR THAW.** By Theodore Levitt. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), January-February, 1960. Reprints $1.00. What are the chances for a thaw in the cold war, and what would the consequences be in terms of defense spending, taxes, and the national economy? Of 2,680 executives responding to a questionnaire, 75 per cent have high hopes for better East-West relations, but only 57 per cent recommend a cut in military spending if these hopes are realized; 90 per cent expect some sort of recession resulting from a cut, but only 10 per cent foresee a deep or long one; about half feel that new investment spending would be restrained until the economy had reacted to the cut; and about half said that, given a 20 per cent cut in corporate income tax, they would use it for activities to stimulate the economy.

**MEASURING NATIONAL ECONOMIC ACTIVITY.** By Reuben E. Slesinger. *Western Business Review* (1445 Cleveland Place, Denver 2, Colo.) February, 1960. $1.00. The increasing availability of adequate data depicting the quantitative aspects of U.S. economic activity has given rise to several methods of measuring such activity. The author describes five accepted measurements (gross national product, input-output analysis, flow of funds, national balance sheet, and international balance of payments); discusses the need for economic measurements; and analyzes the various factors (employee compensation, business profits, rent, and interest) that make up the national income.

**BASING BONUS PAYMENTS ON OPPORTUNITY AND PERFORMANCE.** By Milton L. Rock and John J. Grela. *Personnel Journal* (P.O. Box 239, Swarthmore, Pa.), February, 1960. 75 cents. How do you determine who is entitled to what share of the bonus fund? The authors present a plan that evaluates both the executives' opportunity to contribute to company profits and the degree to which they take advantage of their opportunity in achieving individual and group goals. Formulas for determining the amount of the bonus fund vary from company to company, they say, but any good formula takes into account that: (1) the purpose of bonuses is to motivate greater contribution to profits; (2) profits are relative to a base of the investment from which they are created; and (3) owners must receive rewards before bonuses are considered for employees.

## INDUSTRIAL RELATIONS

**THE 14TH ANNUAL ENDICOTT REPORT.** By Dr. Frank S. Endicott. *Journal of College Placement* (35 East Elizabeth Avenue, Bethlehem, Pa.), February, 1960. $1.50. A total of 211 companies (representing large and medium-sized concerns that actively seek college graduates) responded to this year's Endicott survey of college students in business, the report of

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which goes beyond listing figures to investigate turnover (the typical company loses about 36 per cent of newly hired college men by the end of the fifth year). Some significant suggestions made by the companies for reduction of turnover were more careful analysis of interests and qualifications of graduates at employment time; provision of challenging, interesting responsibilities; and special attention to oral and written expression in courses for students seeking business positions.

**LABOR RELATIONS ASPECTS OF INDUSTRIAL MEDICINE.** *Industrial Medicine and Surgery* (P.O. Box 44-306, Miami 44, Fla.), February, 1960. $1.25. Concerned over the lack of mutual understanding among the industrial physician, the management official, and the union representative, leaders in these positions met at a conference sponsored by Cornell University to discuss and evaluate present industrial medical programs. This special issue, devoted to articles by conference leaders, discusses the role of the industrial medical department from the viewpoints of both management and labor; the professional status of the industrial doctor; company-union agreements on medically based job changes; the anticipated effect of automation on industrial medicine; and improving medical services through labor-management relations, legislation, training, and education.

## PRODUCTION

**MANAGEMENT BENCH MARKS FOR QUALITY CONTROL.** By Edward M. Schrock. *Industrial Quality Control* (161 West Wisconsin Avenue, Milwaukee 3, Wisc.), February, 1960. $1.00. There are five steps that lead to an effective quality control program, says the author. The first is *analyzing*: determining how much money a company loses through defective products; determining whether all sources of rework and scrap are being properly reported; and determining whether the existing inspection procedures are satisfying the company's needs. The second is *prescribing*: preparing a program to deal with the problem of quality; the third is *organizing* the responsibilities of those who will carry out the program. The remaining steps are *promoting* and improving the program, and *appraising* its results.

**BUDGETING MAINTENANCE COSTS.** By J. W. Clayton. *Chemical Engineering* (330 West 42 Street, New York 36, N. Y.), Feb. 22, 1960. 75 cents. Careful preparation and assignment of responsibility go hand in hand with proper budgeting to control maintenance costs, says the author, who divides appraisal factors into two groups: operating conditions (availability of spare equipment, repair priority, downtime limitations) and the equipment itself (type, age, ease of repair). One feature of his method for budgeting maintenance costs incorporates cost code numbers to be used by each department (such as 4 for repairs to existing plant facilities, 6 for labor and material other than repair, etc.) and then assembled on punched cards to be charged to the proper account; other features include regular reports showing amount of labor and materials used and explanations for any excess expenses.

**HOW TO BUY SANITATION AND MAINTENANCE PRODUCTS.** *Modern Sanitation and Building Maintenance* (855 Avenue of the Americas, New York 1, N.Y.), February, 1960. $1.00. This third annual buyers' guide for users of sanitation and maintenance products, equipment, and services in all types of industrial plants, buildings, and institutions is comprised of four sections. The first one groups 178 sanitation maintenance products and

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lists the names of their manufacturers; the second gives names and addresses of over 1,000 manufacturers, with cross-references to the materials and equipment they supply; the third lists manufacturers' representatives, sales agents, jobbers, and distributors; and the fourth gives the names and addresses of national professional, trade, and industrial associations active in or related to the sanitation maintenance field.

**RELIABILITY CONCEPT IS STEP BEYOND QUALITY CONTROL.** *Steel* (Penton Building, Cleveland 13, Ohio), February 29, 1960. 50 cents. Since increasing competition is creating a buyers' market in which customers insist on high-level performance, the trend is more and more toward company installation of reliability programs to insure longer life and greater dependability for their products, according to this article, which gives quotes from several companies with such programs. Tracing the development of one company's program from initial indoctrination of personnel to reports on field performance of the product, the article reports benefits of the reliability program—such as decreased service costs, added sales, and a better corporate image.

**MAINTENANCE OF MOTOR CONTROLS.** *Mill & Factory* (205 East 42 Street, New York 17, N.Y.), February, 1960. Reprints 25 cents. Proper maintenance of electric motor controls affords savings in replacement parts and reduces machine downtime, according to this article, which presents some basic practices for their care. Advocating the use of a low-voltage protection device to provide overload protection, it emphasizes the importance of selecting the right control apparatus and installing it properly, and outlines a maintenance program which includes (1) listing the items to be inspected and specifying how often they should be checked; and (2) keeping on hand an ample supply of renewal repair parts.

## RESEARCH AND DEVELOPMENT

**HOW TO DEVELOP SALEABLE NEW PRODUCTS AT LOW COST.** By Edwin H. Sonnecken. *Management Methods* (22 West Putnam Avenue, Greenwich, Conn.), February, 1960. Reprints 50 cents. For the company interested in developing a successful new-product program, the author gives five guides for using product-development funds most efficiently and discusses eight aspects to consider in determining how much money to invest in the program. The areas covered are: (1) life cycle of the product; (2) the actual and potential industry volume; (3) degree of competition; (4) availability of patent protection; (5) engineering and tooling costs; (6) marketing costs; (7) ratio of fixed costs to variable costs in production; and (8) the amount of money that the company has available for investment.

**HOW TO HOUSE PROCESS DEVELOPMENT.** By George W. Schustek, Jr. *Chemical Engineering* (330 West 42 Street, New York 36, N. Y.), February 8, 1960. 75 cents. The author's purpose is to acquaint readers with some of the basic design problems in planning a building that adequately houses the functions of a process-development organization: namely, operation of pilot plants, laboratory work, and office work. His description of the process development building at the Standard Oil (Indiana) Whiting Research Laboratories encompasses the reasoning that culminated in such features as push-button escape hatches between labs; flexibility in the supply of process utilities; high bay areas (with ceiling clearances of 17, 22, and 55 feet) for pilot plants; and special facilities for ventilation and waste disposal.

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## OFFICE

**HOW TO SELECT COLLATING EQUIPMENT.** By W. E. Thomas. *The Office* (232 Madison Avenue, New York 16, N. Y.), February, 1960. 50 cents. Collating equipment can improve the efficiency of your office, save your company money, and boost the morale of your employees, according to the author, who discusses how companies can decide (through a time-study analysis of the hours spent collating manually) how much money they would be justified in investing in the equipment. He reports the costs and functions of various types of equipment: table, rack (vertical or horizontal), revolving circular table, desk-top model, electric model, or fully automatic model.

**WHAT YOU SHOULD KNOW ABOUT OFFICE LAYOUT AND FURNISHINGS.** *Modern Office Procedures* (812 Huron Road, Cleveland 15, Ohio), March, 1960. Reprints 25 cents. This article offers information that every office manager should know when planning a new office layout. Included are a step-by-step procedure for switching from one layout to another or for creating a new one; "layout arithmetic" giving data for private-office dimensions, aisle widths, basic general office work station areas, and light levels for different types of work; suggestions on dangers to avoid in laying out an office; and scale drawings depicting ways to match furnishings to available space.

## FINANCE

**USE CAPITAL RATIO.** By Lawrence Lynn and R. F. Howland. *Chemical Engineering* (330 West 42 Street, New York 36, N. Y.), February 8, 1960. 75 cents. In an appraisal of the capital-ratio method of screening investment alternatives, the authors compare recent capital ratios in 17 process industries with previous ones to determine where changes have occurred and whether trends in capital or turnover ratio are uniform among the industries. They not only report results of the study—such as the gradual rise in capital ratios over-all and the sharp rise in some companies (those where technology is advancing rapidly, pressure from unions is great, or prices are restrained)—but also explain how to use capital ratio for sizing up investment ventures.

**RETURN ON INVESTMENT.** By Edward A. Ravenscroft. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), March-April, 1960. Reprints $1.00. Return on investment is a useful guide for deciding make-or-buy questions, appraising long-range trends in efficiency, or illuminating the contribution of subsidiaries to a parent corporation, says the author, discussing in detail the uses and methods of calculation of the three basic types of return on investment: *operating return* (the ratio of operating profit to the assets employed in earning that profit); *cash return* (the ratio of cash income to cash invested); and *equity return* (the ratio of earnings—after provision for preferred stock dividends—to outstanding common stock).

**DEFERRED COMPENSATION IN REVERSE.** By Joseph S. Robinson. *Trusts and Estates* (50 East 42 Street, New York 17, N.Y.), February, 1960. $1.00. Because of our tax structure, a $5,000 pay boost for a $20,000-a-year employee would net an increase equivalent to a $10,000 pay hike for the $75,000-a-year man, according to the author of this article on methods of handling compensation to obtain the greatest amount of after-tax money for executives. In a comparison of the traditional deferred compensation method (life insurance vested in company) and the reverse method (life insurance vested in employee), he demonstrates which method would be more advantageous for various wage levels.

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## Behind the Gray Flannel Curtain

(*Continued from page* 8)

company brass. We're like soldiers—we obey." And Walter Reuther is better known as a builder of an organization than as an "organization man."

Of course, unions are political, and political groups by their very nature develop powerful leaders. The "image" of American labor is formed by a small group of these leaders, while their organizations remain the anonymous sources of their power.

### LEADERS AND TEAMS

As far as the public is concerned, this is both a strength and a weakness. If people approve of a leader, the image of his organization receives equal approbation. But if the leader falls from popular esteem, his organization suffers. Management leaders, on the other hand, have submerged themselves, at least publicly, in the companies they represent. Compared to their counterparts in labor, they are anonymous. It is the corporation that enjoys the reputation for integrity, for civic and social responsibility. The executive is considered to have these attributes simply because he has earned a position of authority within the management structure. If he betrays the ethics of his firm, he is ousted, but public regard for the company declines only slightly, if at all.

It is possible—indeed, it has happened—for a company president to terminate his relationship with his management under highly publicized and dubious circumstances, yet with only minor and temporary public reaction. The explanation is obvious: The "team image" of business has been impressed on the public's consciousness. People know that even a company president has many checks on his power, and that, after all, he is probably only a salaried official. A scandal involving him is personal. The fact that he didn't measure up to the standards of the profession of management doesn't mean that his organization is in any way tainted. Actually, the reverse is more nearly true: The company has proved its honesty by tossing him out.

Through its emphasis on corporate integrity, civic responsibility, and social obligations, management has created a highly respected,

though somewhat faceless, image of itself. The complex executive structure of a modern company demands organizational efficiency and a degree of cooperative conformity in the activities of its individual members. After all, the complicated machinery of contemporary industry exacts a wide variety of skills—administrative, technical, creative—from the men who must operate it. A company's top officers depend on the advice of experts in many fields in deciding a course of action. Technology itself is rapidly changing the shape of the managerial work force; for example, the number of engineers in industry is increasing at a rate eight times faster than that of any other group. Scientists and technicians of all kinds are eagerly sought.

## THE STIGMA OF CONFORMITY

All this means there is a constantly expanding managerial class whose members share certain superficial resemblances. They are in approximately the same income brackets, their houses are somewhat similar and probably in the same neighborhoods; at the office they dress in a comparatively orthodox manner, and they are interested in advancing the objectives of their companies. But these mutual interests by no means indicate that they are alike in other ways. In fact, many persons who are identified with the managerial class are in it solely because of special talents or skills and exercise little or no administrative authority.

Although it would be difficult to pick out the scientist from the salesman or the production man from the staff specialist just by looking at a group of executives entering a plant, the notion that the management is made up of anonymous, think-alike, look-alike human machines—men who have sought the security of organization in much the same way that the scholar in the middle ages took refuge in the safety of the cloisters—is a highly fallacious one. Nevertheless, it is an opinion that many people hold.

This image of the businessman as a sort of gray-flanneled booby was an easy one to fashion. Management itself creates the image of coolly impersonal efficiency: It is all-embracing and at the same time detached, and the individual identities of the men who are management are seldom observed. Since all companies have very similar objectives—to produce and market a product or a service—

and since the methods they follow in doing this are approximately the same, it is clear that the men who are responsible for reaching those objectives are likely to share with each other many common points of view and follow a similar pattern of life. From this point, it is a short step to the conclusion that they are "conformists." (On this basis, of course, so are college professors and union leaders, but those who bewail conformity in business seldom carry their reasoning this far.)

## THE "TYPICAL" EXECUTIVE

The stereotype of the executive as the anti-intellectual, the know-nothing materialist who turns an imperceptive eye on art, literature, and music as he methodically works his way up the ladder of the company organization to a membership in the country club, may make interesting reading in a novel. But as a reflection of the man it is intended to portray, it is no more accurate than the clichés that Horatio Alger once turned out—and sometimes no better written. In the same manner, popularized pseudosociological examinations of the so-called executive class distort the image of management by representing the customs of a small group of executives—who usually are on the periphery of industry and who are largely concentrated in metropolitan suburbia—as typical of managerial behavior.

No more than Bertie Wooster and his inimitable Jeeves were ever representative of England's presocialist aristocracy is the exurbanite organization man typical of management. Yet his picture is being indelibly impressed on the American consciousness by highly successful image-makers, who earn the price of the comforts of materialism by bewailing its existence.

It is a rather neat trick to discover sociological significance in the fact that the intelligent subordinate obeys his boss and conforms —at least outwardly—to his methods of doing things. But there is nothing new about it. It is doubtful if Napoleon Bonaparte would have tolerated Francois Voltaire as his press agent, no matter how capable the latter might have been. Nor can you imagine Carrie Nation boosting W. C. Fields as a comedian had she been in charge of the theatrical profession.

Leaders in business, government, and labor have always insisted

that the people who work for them observe certain rules relating to public behavior and to the public expression of personal opinion that, not surprisingly, are in line with their particular ideas of how the interests of the organization can be furthered. It is hardly an inconsistency that executives must learn to live within the management group, to get along with the group, and to work with the group. The fact that executives do not climb on a soapbox to shout dissenting opinions on irrelevant issues does not necessarily mean they are conformists. They may simply have discovered the common sense of being politic. Furthermore, the more people there are, and the closer they live together, the greater will be the pressure toward this type of conformity. A certain amount of conformity is the penalty an industrial society must pay. But as far as individualism in ideas, personal creativity, and the opportunity to live according to one's tastes are concerned, the interference from superficial compliances of this kind is trivial.

## COOPERATION—OR CONFORMITY?

Another reason that management has been a patsy for the sociological image-makers is its emphasis on team-play and cooperation. Of course, there is no other way to run an organization unless you do so by edict—hardly the best way to secure individuality.

But the team approach that companies have emphasized in trying to build an effective, competitive organization is easily confused with the soupy philosophy of togetherness that struck such an emotional response in people during the years that followed World War II. Circumstances encouraged this identification. Prosperity and a seller's market softened management's competitive image. Everybody was making money; therefore, considerable waste and inefficiency could be tolerated. Furthermore, during the late 1940's and even into the 1950's, industry was still nursing the bruises inflicted by the hostile public opinion of the Depression, and it was more anxious to consolidate its position as an enlightened, progressive component of society than to get involved in arguments with its critics. This meant that little or no attempt was made to counter the views of a multitude of special interests and sideline commentators on management mores—and, in the absence of any defense, their opinions became accepted fact.

This is not to say that there is no truth in the concept of the gray-flanneled society. There is. But it is superficial truth. This is not to say that the profile of the organization man bears no relation to reality. It does. But it is a surface outline.

Organization, by its very nature, is a tempting object of satire. Its structure and its levels are well defined; this pinpoints the target. The broad attitudes, customs, and ways of life of its members are identifiable; they can be exaggerated and still retain the appearance of reality. This provides the sting the writer needs. From his picture of us we recognize ourselves through our worst qualities: vanity, pride, fear of not being accepted. In an agony of self-criticism, we are likely to forget that the portrait we see is a facade; that the shadow of our conceit is obscuring the substance of our achievement.

There is nothing wrong with an ambitious man who demands and enjoys the perquisites of ambition accomplished, whether they be the baronetcy purchased by the rich Jacobean butcher, the exclusive club of the newly rich regency dandy, or the plushly decorated office of the top executive. The new arrival to any position may take pleasure in the outward signs of his enhanced prestige, but to use this fact as convincing proof that industry has created a laminated social structure in what was formerly a society of happy classlessness is utterly ridiculous. Status seeking—it was called "social climbing" back in the days before an undertaker became a mortician—is as old as mankind. Only the status symbols are different.

## NO BONDS ON FREEDOM

The executive who knows his job and can produce results is usually free to lead whatever kind of life he prefers, as long as he is reasonably tolerant of the opinions of others, does not insist on forcing his judgments on extracurricular subjects on his associates, and lives in such a way that he is not a source of embarrassment to his company. He can read books, enjoy classical music, belong to literary societies, drive a sports car, and even squeeze into Bermuda shorts on weekends without risking any more than the good-natured kidding of his colleagues.

Crawford Greenewalt, chairman of the board of the Du Pont

company, put it like this: "There seems to be a belief that there is a pattern to which the manners, dress, and political views of executives must conform. At our company, and I venture to guess the same can be said for most, such notions are sheer nonsense. Among my most valued associates, taste in dress covers a wide pattern. The same goes for personal habits, enthusiasms, and I may say for automobiles. One man I know drives an Opel and never fails to proclaim its virtues. Another passes me occasionally in a topless Corvette in which he wears a baseball cap. Emphasis on irrelevant habit and custom and on the various fictional characteristics osbcure the truth, and the truth offers sufficient challenge without inconsequential distractions. The alert and well-managed organization is aware of the dangers associated with individual submersion. Progress will be made in direct proportion to the intellectual freedom given all the men on the management team."

## EXECUTIVE RESPONSIBILITY

Mr. Greenewalt's comment epitomizes the image that competitive management now seeks to create of itself. Modern industry by its very nature attracts, challenges, and holds intellectuals of every kind—scientists, writers, artists, and practical businessmen who may themselves be scientists, writers, or artists in their spare time. Mr. Greenewalt himself is a noted naturalist. Wallace Stevens, who was vice president of one of the country's leading insurance companies, is represented in any good anthology of modern poetry by verse that is among the most sophisticated and "intellectual" of our time. Elliot White Springs, who built his textile company into one of the largest in the industry, was a best-selling novelist. Clarence Randall, former president of Inland Steel, is an articulate and forceful writer on political and economic subjects.

No, industry does not attempt to prescribe a rigid set of customs for its executives or force them to think prefabricated, assembly-line thoughts. Those who do are not likely to get very far in management, for corporations want men who make contributions to organizational progress. They know it will always be the man who makes a company, and not the other way around.

Today, industry is becoming increasingly aware of its tremendous responsibilities in providing dynamic national leadership. The United States is faced with tremendous challenges from abroad and at home, and the initiative is likely to slip from our hands if there is any complacency in our attitudes. Management is becoming more confident, more sure of its role in the society that industry has created. It is interested in finding positive ways to exert a constructive influence on politics, economics, and all phases of contemporary life. To do this, it fully understands the importance of the management image in shaping the public's attitude toward business leadership.

The leaders of industry realize the complexity of their obligations. They know that management can never compete on equal terms in a popularity contest with those who can propose utopia and ask that someone else implement their plan with action—and foot the bill.

They know that they must rely on logic and reason, backed by their own integrity, to persuade the public of the soundness of their ideas.

They know they must establish sincerity of motive in order to achieve results, for when motive is suspect, no program, however good, can win acceptance.

They are also beginning to realize that nameless "company spokesmen" will not add vividness to management's image. A persuasive image is created by individuals speaking as individuals and advocating ideas that the public recognizes as sound and good. It is difficult to respond emotionally to a collective noun, whether it be management or labor, Democrat or Republican. But names give meaning and character to abstract concepts and permit a sense of personal identification with the proponent of a plan of action.

## CHANGING THE IMAGE

If business wants to improve its image, it must produce three-dimensional leaders capable in their own rights of dealing with the total public on total issues—not only with the financial, customer, or employee publics on particular or limited subjects. The complete leader serves to integrate the specialized images of his company and infuse them with fullness of form and personality

that is so necessary in widening the basis of industry's influence.

This does not negate the team idea. Indeed, it is strengthened, for a respected leader increases the prestige of his group.

This does not subordinate the company to the individual. The company is permanent; its leaders will change. But the ideas and actions of a leader dramatize the philosophy and principles of a company and give them a powerful and personalized meaning that can strike a broad public response.

This does not weaken the specialized images of a company that management seeks to create for particular groups within the public. The customer will still think of the quality of the company's products when he sees its advertising or buys its goods. But beyond that, and from his own knowledge, he will have a deep respect for its leaders, who show their interest in his welfare by taking a constructive part in broad, national affairs. The stockholder will still be concerned with the company's financial record and its future prospects—the research it is doing, the new products it is bringing out, the ability it shows in controlling costs. But he will be additionally impressed by the wisdom, integrity, and public spiritedness of the men who run it and therefore will have an even greater reason for believing his money is wisely invested. The employee will still be concerned with wages, hours, and working conditions. But if he is convinced through the public actions of his company's leaders of management's sincere concern for the public's interest, he will be more receptive to the company's program to maintain sound employee relations and its over-all communications efforts.

## THE GRAY FLANNEL CURTAIN

Industry already has leadership of this type. It has intellectuals who are working at being intellectuals, not talking about it. It has scientists, creative planners, technicians. It has imaginative researchers, resourceful engineers, hard-driving production men. It has brains, money, and courage. It cannot afford to permit others to create its public image, and then become upset because it is distorted. Industry must do the job itself. The way to begin is to raise the gray flannel curtain and let people see the members of the cast. ♦

## College Recruiting

(*Continued from page* 27)

make a worthwhile contribution to the organization while learning about the business. Executives involved in training programs for recent college graduates generally agree an individual develops primarily on the job, by doing the work rather than by watching somebody else do it. The most productive programs are those in which trainees are assigned to work for managers and supervisors who are both interested in and skilled at working with and teaching young men and women. In fact, selecting such managers may be the single most important step in assuring the success and value of a training program.

The frank discussion of appraisals of trainees' performance is another must. Trainees become dissatisfied with their training program when they have no idea of how they are doing. If appraisals are never discussed with the trainees, their value as a development tool is destroyed, and trainees may become dissatisfied enough to seek jobs elsewhere.

In short, the same principles that apply in building an effective approach to management development also apply in establishing good training programs, which are so important in determining a company's success in attracting high-talent college graduates for its present and future needs.

### MAINTAINING HIGH STANDARDS

Selectivity in recruiting is important for two major reasons: first, many of the failures in executive development are caused by poor initial selection of personnel. Second, a company that reduces its selection standards to fill a "recruiting quota" lessens its chances of attracting top men.

In recruiting, nothing succeeds like success. Top men are drawn to organizations where they find other top men; they shy away from those where they find large numbers of second-raters. Sometimes management's insistence that quotas be filled forces recruiters to bring in men whom they recognize as second best. If the recruiter is to be evaluated, rewarded, or penalized by the number of candidates he produces and the number of open job

requisitions he fills, he cannot be blamed for putting the quality of the recruits second.

An equal danger is that recruiters may be overselective and seek a high-powered man for low-powered opportunity. A high-caliber man will not be satisfied with a position or a career that fails to give him the challenge and reward he wants and deserves.

These dangers can perhaps best be avoided by measuring recruiters at least partially on the quality and subsequent success in the company of those they recruit.

The objective of recruiting is to get the right man for the right job. Too-frequent compromises of this objective will seriously affect the company's present and future recruiting success.

## WHAT TO LOOK FOR

What qualifications should recruiters seek in prospective employees? The skills and abilities identified by Theodore Yntema, Director of Finance for the Ford Motor Company, form a useful guide to the qualities required for success in administrative, managerial, and staff positions. According to Yntema, these are the basic skills that are widely transferable and essential for success in nearly all walks of life:

1. Mastery of the scientific method, defined as the "process of seeing and solving problems" (defining problems, analyzing problems, developing alternative courses of action, determining the best courses of action).
2. Understanding of people, and ability to work with them effectively. This includes the ability to size people up, teach them, motivate them, lead them, follow them, and cooperate with them.
3. Skill in communication, both as a *sender* (through speaking and writing) and as a *receiver* (through reading and listening).
4. Skill in organization, which includes organizing one's own time, effort, and knowledge, as well as the time and efforts of others.
5. Wholehearted and persistent application to the job at hand. This implies both the physical capacity for hard work and the motivation or drive to get the work done.
6. Memory, which is an unglamorous but no less necessary skill.

One might quarrel with some parts of this list, but a company

that could identify these abilities and skills in job candidates would be a long way down the road to achieving an effective program of recruiting and selection.

## EMPLOYING PRODUCTIVE RECRUITERS

No matter how well conceived and developed a company's selection program may be, it cannot be of maximum value unless there is an adequate number of candidates from which to choose.

The importance of the recruiter was dramatically pointed up in a recent survey of college placement directors made to determine the relative effectiveness of the recruiting activities of several companies in the same industry. Time and time again, one company was cited as doing the top recruiting job and successfully attracting more high-caliber men than the others. When the placement directors were asked how they would explain the success of the one company, they all said: "Well, of course, they have John Smith, and he does a whale of a recruiting job. He's head and shoulders above the recruiters from the other companies."

Some executives may balk at the idea that the recruiter plays such a vital role in a company's ability to attract high-caliber college graduates. They may feel that if their company has superior opportunities, a good training program, and competitive starting salaries, the recruiter is of minor importance. Unfortunately, this usually isn't the case. Recruiting is much like marketing, in that a company needs more than just a good product; effective advertising and good salesmen are also necessary. So it is with recruiting.

## PROFILE OF THE RECRUITER

What constitutes an effective recruiter? The recruiter must have the kind of personality that makes a favorable first impression, since he has no time for anything else. He must be a skilled interviewer who can both explain the company's needs and opportunities and size up the candidate—all in thirty or forty minutes. He should have a thorough knowledge of position requirements so he can evaluate the candidate. And he should be sincerely enthusiastic about the work and about the career opportunities that are available in his company.

Many large companies today employ men whose primary re-

sponsibility is recruiting college graduates. Companies that cannot afford a full-time recruiter can minimize any competitive disadvantage they might otherwise suffer by a careful selection and training process that equips them with part-time recruiters who possess the attributes necessary to do an effective job.

## RECRUITING TOMORROW'S MANAGERS

With the demand for high-talent manpower increasingly outrunning the supply, there is a premium on a company's ability to develop enough competent managers to meet its present and future business needs. The first step in management development is recruiting, and the company that neglects its recruiting activities has two strikes against it at the start.

Determining future manpower needs, identifying and providing career opportunities, establishing effective training programs, maintaining consistently high standards for candidates, and employing effective recruiters—all are critical to success in recruiting men with the potential to lead the company in the challenging years that lie ahead. ◆

# SURVEY OF BOOKS FOR EXECUTIVES

**POLITICS IS YOUR BUSINESS.** By William H. Baumer and Donald G. Herzberg. The Dial Press, Inc., 461 Park Avenue South, N. Y., 1960. 187 pages. $3.50.

*Reviewed by Thomas R. Reid**

Management's growing interest in public affairs and political participation programs has led to a voluminous flood of words on the subject. In fact, so many speeches, articles, and books about "businessmen in politics" have appeared in the past year or so that the average executive may well have had difficulty in keeping up with all of them and may even be somewhat confused by now about the whole thing.

This book is an encyclopedia of knowledge on this timely topic. It brings together in a convenient form most of what has been said on the subject, analyzes the pros and cons, and provides a convenient listing of all the various sources of information in this field.

The executive interested in launching a public affairs program for his company will be able to obtain from this single source a working knowledge of an exceedingly intricate subject. He will learn from it what business can do and what it cannot do. He will be able to review the best thinking of businessmen and others in this area. He may judge for himself, from the material in this book, the importance of public affairs to his individual business and then adopt, for his own purposes, any combination of program ideas from the convenient check list presented by the authors.

Though *Politics Is Your Business* makes no attempt at a hard sell of the idea, any thoughtful businessman reading this book will become aware that public affairs is indeed a business problem today and has become a new dimension of management responsibility.

A particularly valuable contribution is the authors' description of the various problems—both real and imagined—that have kept businessmen aloof from the public-affairs scene in the past. One by one, they present the problems, review them, and present factual or documentary evi-

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* Civic and Governmental Affairs Manager, Ford Motor Company.

dence indicating for the most part that they may not really be problems at all.

There is realistic recognition, for example, that many business public-affairs programs are designed simply to answer the political efforts of labor unions. The authors point out the error of aiming programs in this direction and call attention to the dangers involved in any program that is not strictly bipartisan. Their opposition to the concept of the "business political party" is evident.

Mr. Baumer and Mr. Hertzberg are knowledgeable, practical people with direct experience of what they are writing about, and their opinions and viewpoints are valuable. However, their major contribution lies in having furnished management with a compendium of knowledge and information on politics for businessmen. Anyone interested in the subject will find in this book the information he needs to initiate a political education program in his company.

# Briefer Book Notes

***(Please order books directly from publishers)***

## FINANCE

**TAX GUIDE FOR SMALL BUSINESS: *The Official U.S. Government 1960 Guide*.** (Revised to October, 1959.) Garden City Books, Garden City, New York, 1959. 143 pages. $1.95. An authoritative, comprehensive reference book on federal taxes for the businessman. Among the topics covered are starting a business, accounting periods and methods, long-term contracts, bad debts, and gains and losses.

**ESTATE PLANNING: *Quick Reference Outline*.** (Seventh edition—1960.) By William R. Spinney. Commerce Clearing House, Inc., 4025 W. Peterson Avenue, Chicago, Ill., 1959. 96 pages. $1.50. This general survey of the estate planning field incorporates the latest tax law to publication date, including pertinent 1959 amendments. Life insurance and the important part it plays in estate planning are highlighted and explained, and an illustrative case shows the practical application of principles involved.

**THE APPRAISAL OF CAPITAL EXPENDITURES.** By C. G. Edge. The Society of Industrial and Cost Accountants of Canada, 31 Walnut Street South, Hamilton, Ontario, Canada, 1959. 76 pages. $3.00 (members, gratis). The four parts of this study cover the accountant and the appraisal of capital expenditures, the rationale of the appraisal of capital expenditures, the appropriation request, and the practical application of methods of appraising capital expenditures.

**EQUITY AND LOAN CAPITAL FOR NEW AND EXPANDING SMALL BUSINESS.** Prepared by Harold T. Smith. The W. E. Upjohn Institute for Employment Research, 709 South Westnedge Avenue, Kalamazoo, Mich., 1959. 103

pages. Gratis. The three principal areas covered in this booklet are the accessibility of credit and capital to small business, subsidized financing facilities for providing equity and loan capital to small business, and a capital banking structure for small business.

**RETURN ON CAPITAL AS A GUIDE TO MANAGERIAL DECISIONS.** National Association of Accountants, 505 Park Avenue, New York, 1959. 107 pages. $2.50. Divided into two parts—rate of return for measuring periodic profit performance and using rate of return in capital planning—the study covers such subjects as determining the capital base on which rate of return is measured, return on capital as a guide in pricing, the financial statement method, and using rate of return in decision-making.

## MARKETING

**MARKETING RESEARCH: *Applications, Procedures, and Cases*.** By John P. Alevizos. Prentice-Hall, Inc., Englewood Cliffs, N.J., 1959. 676 pages. $8.50. The role of marketing research in marketing management, the methods by which it provides management with the necessary data to develop markets, products, and distribution methods, and the organization of a marketing research department are discussed in this book, which includes a step-by-step procedure for defining a problem and undertaking a research program to solve it.

**HANDBOOK OF BIG-MONEY SELLING STRATEGIES.** By Charles B. Roth. Prentice-Hall, Inc., Englewood Cliffs, N.J., 1959. 174 pages. $4.95. A manual of selling techniques that discusses strategies for making the immediate sale, manufacturing a favorable selling climate, creating chances to close, and developing big thinking.

**IMAGE OF AMERICA.** By R. L. Bruckberger. The Viking Press, Inc., 625 Madison Avenue, New York, 1959. 277 pages. $4.50. The author, a Frenchman, reflects on America's political principles and institutions, on its economic beliefs, and on its business and social achievements.

**HOW TO REACH PEOPLE.** Television Bureau of Advertising, Inc., 444 Madison Avenue, New York, 1959. 91 pages. $5.00. A report on audience composition. Among the topics covered are how viewers divide their time, projecting TV's audience composition, and time spent viewing as a measure of selling opportunity.

**GASOLINE PRICING IN OHIO.** By Edmund P. Learned and Catherine C. Ellsworth. Division of Research, Graduate School of Business Administration, Harvard University, Boston, Mass., 1959. 258 pages. $9.00. A complete disclosure of the price policies of The Standard Oil Company (Ohio) over the past 20 years, the changes made in them, and the reasons. Among the subjects covered are uniformity and differences in posted retail prices for a total of more than 2,100 dealers, the effect on price uniformity of using special consumer incentives, and price leadership and followership among retail dealers in different types of areas. The data and findings relate solely to the gasoline market in Ohio, but the authors feel that they are relevant to other markets and, perhaps, even to other industries.

**SETTING SALES OBJECTIVES FOR SMALL BUSINESS.** By Richard M. Hill. Bureau of Business Management, College of Commerce and Business Administration, University of Illinois, Urbana, Ill., 1959. 60 pages. $1.25. A discussion of the basic and initial steps in sales planning—those by which the goals and objectives of the sales plan are defined. The presentation is planned to give the subject the greatest practical meaning for small businessmen in the retail and wholesale trades.

**HOW AMERICAN BUYING HABITS CHANGE.** United States Department of Labor, 1959. 253 pages. $1.00. (For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.) A description of the improvements in living standards achieved by Americans since 1888. Among the subjects covered are the broadening base of consumption, the homemaker's job and home scene, clothing and personal care, and the revolution in transportation.

**GET THE PROSPECT TO HELP YOU SELL.** By Edward J. Hegarty. McGraw-Hill Book Company, Inc., 330 West 42 Street, New York, 1959. 297 pages. $5.95. The author describes when and how the prospect can help the salesman tell his story, demonstrate the product, and close the sale.

**THE TOBÉ LECTURES IN RETAIL DISTRIBUTION AT THE HARVARD BUSINESS SCHOOL: *Third Series (1958-1959)*.** Harvard University Graduate School of Business Administration, Boston, Mass., 1959. 145 pages. $3.00. Among the topics included are the modern distributor and his adjustment to today's economic pressures, whether or not the U.S. car market has started a revolutionary change, a profile of Sears, Roebuck and Company, and merchandising fashion.

# Q&A on AMA

**Q.** *There are a great many public issues nowadays which are of major importance to "management." Why doesn't the American Management Association speak out on these issues on behalf of "management"?*

**A.** The long-established policy of AMA is that the Association shall advance no propaganda, engage in no lobbying, take no stand on any issue. AMA speaks for no group, espouses no cause other than the cause of better management.

It is certainly appropriate that the various segments of our society and economy be represented in public debates. However, this is not the role for which AMA was created or for which it exists today. The educational objectives, the free and open discussions of the Association would suffer immediately if AMA itself took a stand on any side of any point at issue.

**✱ If you have any questions about AMA's program or policies, please submit them to AMA's Member Service Section. All inquiries will be answered promptly. Those questions of most general interest will appear in this feature in subsequent issues of *The Management Review*.**